

is in Print

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Thursday, December 29, 1994

No. 34,784

Paris's Defeat Of Hijackers Is Little Relief From Morass

By Alan Riding
New York Times Service

PARIS — With the pace, violence and dehumanization of an action movie, the world suddenly became aware of Algeria's civil war this week when four Islamic militants hijacked an Air France airliner, murdered three hostages and then were themselves killed by elite French commandos.

But for France, Algeria's former colonial ruler, this victory over terrorism has brought only temporary solace. Paris knows the war will go on, and whether it likes it or not, it knows it is a party to the escalating conflict between Islamic militants and Algeria's army-backed government.

The shadowy Armed Islamic Group was quick to avenge the deaths of its "soldiers" Monday, taking responsibility Wednesday

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for the killing Tuesday in Algeria of four Roman Catholic priests, three of them French and one Belgian. With these deaths, 27 French citizens have been killed there in the past 15 months.

At the same time, while Islamic militants charge France with backing the Algerian government, this week's hijacking has provoked a storm in relations between Paris and Algiers, with French and Algerian authorities accusing each other of manipulating the drama to their own advantage.

Yet, once the dust settles from this crisis, France will face the same problem as before: What should be its policy toward the Algerian war?

Because of deep ties to a land where more than 1 million French once lived and because some 800,000 Algerian immigrants live in France today, it cannot opt for a hands-off policy. So, in practice, should it promote negotiations or back the Algerian government's campaign to crush the fundamentalists?

Most experts here say France has already chosen. In December 1991, under a Socialist government, France endorsed Algeria's decision to cancel a second round of parliamentary elections that the broad-based Islamic Salvation Front seemed set to win. With that decision, Islamic militants took up arms.

Since March 1993, Prime Minister Edouard Balladur's conservative government has continued to provide Algiers with economic and military aid. It has also tried to persuade its European partners to help out, arguing that a fundamentalist Algeria would become a European — as well as a French — problem.

No European country is, of course, as vulnerable as France. It is to France that Algerian journalists, intellectuals and professionals are already fleeing. And it is in France that perhaps hundreds of thousands more Algerians would seek refuge if the Islamic Salvation Front were to take over.

Paris also worries that Islamic fundamentalism could take root here. As a result, it has begun cracking down not only on Algerian extremists who raise money and traffic in arms in France, but also on militants proselytizing among this country's 3 million Muslims.

In truth, most Algerian and other immigrants here show little sympathy for radical forms of Islam, but Paris worries that children of immigrants, who often feel rejected by French society, are being targeted by militants. This year, it even banned the wearing of Islamic head scarves in schools.

This nervousness has led France to attack the United States, Germany and Britain for sheltering Islamic Salvation Front leaders. Washington responded that Paris should promote a dialogue with moderate Islamic groups. "What moderates?" was the angry retort of France's hard-line interior minister, Charles Pasqua.

Yet, after this week's hijacking, there are signs that Paris may be rethinking its policy toward Algeria, not because of any sudden tolerance of Islamic fundamentalism, but because of new awareness that France is paying a high price for backing a government that may not be capable of winning the war.

Many experts in Algerian affairs maintain that while the conflict continues to escalate, neither side is close to defeating the other. And the Algerian economy is in ruins.

This week, after the Armed Islamic

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A Chechen woman with her 5-day-old child heading for a bus with other refugees after fleeing Grozny on Wednesday.

Under Fire, Woolsey Quits as CIA Chief

Term Marked by Ames Case and Stiff Relations With Clinton

By Tim Weiner
New York Times Service

WASHINGTON — The director of central intelligence, R. James Woolsey Jr., has resigned, the White House announced Wednesday, ending his troubled tenure as the nation's chief of spies.

Mr. Woolsey submitted a letter of resignation to President Bill Clinton on Monday, saying he was tired of the 18-hour days and seven-day weeks his job demanded. He then left Washington for a Caribbean vacation.

Although the White House said Mr. Clinton did not seek Mr. Woolsey's resignation, relations between the CIA and the Clinton administration began awkwardly and did not improve during the nearly two

years he held the job. White House officials gave him a cold shoulder, limiting his access to the president and canceling daily briefings that were traditional under previous administrations.

Mr. Woolsey had been severely criticized for his handling of the Aldrich Hazen Ames spy case. Mr. Ames, a former CIA agent, was convicted of passing secrets to the Soviet Union and later Russia.

Mr. Woolsey's relations with Congress were even worse. The chairman of the Senate intelligence committee, Dennis DeConcini, an Arizona Democrat who is retiring, routinely vilified Mr. Woolsey; the two men openly detested one another. He also was unpopular with many senior CIA covert operatives; they made him the tar-

get of personal attacks that rose to the level of "character assassination," as a senior agency official said Tuesday.

Mr. Woolsey said as recently as 10 days ago that he would stay on as director.

"I'm an old friend of Jim's, but I don't think he succeeded in this job," one of Mr. Clinton's most trusted advisers said Wednesday. "He had an opportunity to be a new broom, and instead he was a defender of the status quo."

Mr. Woolsey, a Washington lawyer and an experienced arms-control negotiator, was praised as a first-rate choice when his nomination was confirmed in February

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Russians Escalate Assault on Grozny

Fighting Enters a Decisive Phase As Forces Besiege Rebel Capital

By Michael Specter
New York Times Service

GROZNY, Russia — Russian troops, making their fiercest assault yet on the Chechen capital, pushed into Grozny on Wednesday from the east, bringing the fighting in the separatist republic to a decisive phase.

Machine guns and small-arms fire could be heard throughout the day from Freedom Square, in front of the nearly deserted Presidential Palace in the center of this city. Russian jets flew dozens of missions — at least one every 20 minutes — bombarding Chechen forces ringing the capital.

The bombing and artillery barrages never stopped. The heaviest fighting was in the village of Argun, 15 kilometers (10 miles) east of Grozny, where Chechen spokesmen said dozens of soldiers on each side had died. But there was fighting throughout the region surrounding the capital.

Early Wednesday morning, only hours after President Boris N. Yeltsin promised in a nationally televised address that civilian areas in Grozny would no longer be the target of bombs, Russian warplanes destroyed Chechnya's largest orphanage. There were no major injuries because more than 250 people — orphans, refugees, homeless residents of Grozny — were all sheltering in the cellar of a stone building.

Although only a small number of troops have so far entered Grozny, thousands more are now poised to follow. They have occupied the highest hills overlooking the capital, and it appears the only thing preventing them from storming the city is the knowledge that casualties will be heavy because many Chechen soldiers will clearly fight them to the death.

In Moscow, Oleg Lobov, the secretary of the National Security Council, denied that Grozny would be "stormed," but said Russian troops would drive fighters loyal to the Chechen president, Dzhokhar Dudayev, from the city "step by step, district by district." It may take a bit longer that way, Mr. Lobov said at a press conference.

"Grozny will be freed from illegal armed units, mercenaries and criminals," Mr. Lobov said, echoing the Kremlin's terms for Mr. Dudayev's supporters. "It will not be stormed, but it will be liberated."

"They can say whatever they want," said

Magomed Khachkeyev, a Chechen soldier who is part of the presidential guard. "The Russians want to erase the face of this city."

Already, large tracts of the sprawling city are nearly unrecognizable. For the Chechens, who have attempted to establish their independence since the Soviet Union fell apart in 1991, their capital has become a rubble-strewn wasteland. Hospitals, working on battery-powered generators or with candles, held many more victims Wednesday than they could handle. The main Republican hospital was forced to move to the city's largest bomb shelter when Russian warplanes blew up its only operating rooms.

"We have no antibiotics, few bandages, no antiseptic solutions," said Tatiana Kitayev, the chief nurse at the hospital, showing reporters through the makeshift hospital by candlelight. "We can only treat the gravest emergencies."

The city has no running water and those few people on the streets almost all had tin pails in their hands, hoping to heat melted snow or take water from any nearby brook. Only a week ago the city was filled with eager men carrying assault rifles — the picture now is quite the opposite. All men who can fight are engaged in battle. Only the old and feeble are visible now, foraging for food, water and shelter.

Many people here were shocked at the intensity of the renewed assault Wednesday — after Mr. Yeltsin appeared on television and suggested that only military targets would be attacked in the future. While there may be many military targets in the city of Grozny, none are apparent, and most of the dozens of apartment buildings, stores and restaurants that have been destroyed so far have played no role in this war.

"We heard Yeltsin's speech on the radio last night and for the first time in weeks we went to bed in peace," said Katya I. Akhmatova, 40, who lives next door to the orphanage. "We thought he would be good to his word. But his word is one big lie. I am a Russian woman and I love Russia. But how can these people kill innocent women and children and say they are soldiers?"

In Moscow, Russian officials denied bombing the orphanage and accused secessionist rebels here of turning their own weapons against the city.

People who were in the orphanage at the time it was bombed described the scream of the jets as they passed overhead and the shocking rattling of the earth as every window in the enormous building was broken.

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Israeli Sale of Arms Technology to China Irks U.S.

By Jim Mann
Los Angeles Times Service

WASHINGTON — Seven years ago, in the face of mounting costs, the United States withdrew from an elaborate project to help build an advanced combat aircraft for Israel. The idea was scrapped — or so it seemed.

Now, to the consternation of U.S. officials, much of the American know-how and initial planning for the canceled "Lavi" fighter plane are about to be put to use in China.

U.S. government officials have recently concluded that China and Israel are collaborating to develop and produce an improved fighter for the Chinese Air Force. Comparable to an American F-16, the new plane will be

based on the Lavi and will incorporate extensive technological innovations derived from that project, according to U.S. government experts on the Chinese military.

China and Israel already have finished work on a prototype, and production will probably start soon at a plant in the Sichuan Province city of Chengdu, U.S. officials said. The plane's deployment is seen as a major step in Beijing's effort to modernize its air force, and some observers believe it bodes ill for China's long-standing rival, Taiwan.

A U.S. government expert said that the plane would fit in with a scenario for conflict over Taiwan "10 years from now." "And for someone to help the Chinese build a production line, a turn-key facility for this aircraft, is ominous."

The U.S. government's confirmation of Israel's role in development of the new Chinese plane could create tensions between the United States and Israel. The joint work on the plane is the latest military project in which Israel has helped China over the past 15 years.

Although China's impending production of the Lavi-style fighter has been closely monitored and discussed in the U.S. intelligence community in recent months, White House and State Department officials say there has been no official diplomatic protest to Israel about it.

Some administration officials are said to believe the issue is not of great concern. While the plane represents a big step forward for China, they say, it is based on 1980s-

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Mexico Crisis Shakes Dollar

Mexico's financial crisis spilled over onto U.S. markets Wednesday as the dollar fell sharply against the Deutsche mark and the Japanese yen.

Currency traders blamed the dollar's drop on concerns that the peso's weakness would prompt the U.S. Federal Reserve Board to increase its credit line to Mexico, further entwining the U.S. and Mexican economies.

But the peso firmed as the new Mexican government allowed short-term interest rates to rise in an effort to defuse the crisis.

Movements in all financial markets were exaggerated by the fact that trading was typically light for the week between the Christmas and New Year holidays.

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Japan Quake Kills 2 and Injures 130

TOKYO (AP) — An earthquake with an estimated magnitude of 7.5 shook northern Japan on Wednesday night, killing at least two people and injuring 130.

The quake was centered in the ocean

about 630 kilometers (390 miles) north-east of Tokyo.

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SARAJEVO ANNIVERSARY — A Bosnian battalion marking its second anniversary Wednesday in Sarajevo, which Saturday will have been under siege for 1,000 days. Meanwhile, Bosnian foes did not back a truce. Page 5.

Clinton Is Granted Delay of Sexual-Harassment Trial

Compiled by Our Staff From Dispatches

LITTLE ROCK, Arkansas — A federal judge ruled Wednesday that Paula Corbin Jones's sexual-harassment lawsuit against President Bill Clinton will not go to trial until he is out of office.

However, in a setback for Mr. Clinton, the judge said the taking of sworn statements from witnesses and other fact-finding procedures can go forward in the meantime.

Ms. Jones, a former Arkansas state employee, has accused Mr. Clinton of making unwanted sexual overtures in a Little Rock hotel in 1991, when he was governor of Arkansas. She sued in May and is seeking \$700,000 in damages. He has denied that the incident took place.

The president, arguing that such law-

suits would interfere with his ability to carry out his duties, had asked that all proceedings in the case be put on hold until he leaves office. He argued that he had immunity from such claims while president.

Judge Susan Webber Wright of U.S. District Court said she found nothing in the constitution that would provide immunity from claims brought against a president for actions he is alleged to have taken before assuming office.

But noting that Ms. Jones did not file her lawsuit until two days before the statute of limitations had run out, the judge said there was clearly no urgency to the case, and she said she will not allow it to come to trial until Mr. Clinton was out of office.

Ms. Jones's lawyer said the ruling was a victory for his client.

"The salient feature of the case is that the president is not immune from suit and that discovery will proceed apace," Gilbert Davis said in a broadcast interview. "That's the victory in the case I believe for Paula Jones."

"What's important is that we proceed to take his deposition now," Mr. Davis said.

Ms. Jones has claimed that while she was at the hotel for a state-sponsored conference, a state trooper serving on Mr. Clinton's security detail summoned her to meet with the governor. While alone with her in a hotel room, she claimed, Mr. Clinton tried to kiss her, reached under her clothing and asked her to perform a speci-

fic sexual act. She said she felt humiliated and walked out.

Mr. Clinton's private attorney, Robert S. Bennett, said in October that lawyers from both sides had negotiated in May to settle the lawsuit, but that Ms. Jones's backers were unprepared to accept Mr. Clinton's "adamant denial" of the charges.

At the time, Mr. Davis disputed this version of the events, saying that in May Mr. Bennett was prepared to authorize a statement saying Mr. Clinton had no recollection of meeting Ms. Jones at the hotel, but did not challenge her claim that they met there.

Mr. Davis said that the deal struck between the two sides fell through after White House officials commented on the case.

By Andrew Pollack
New York Times Service

SEOUL — A senior State Department envoy on a hastily arranged mission to North Korea met with little success Wednesday in his quest to win the freedom of a captured American helicopter pilot, U.S. officials said.

Thomas Hubbard, a deputy assistant secretary of state, entered North Korea on Wednesday morning and met for two and a half hours with Foreign Ministry officials in the capital of Pyongyang, the State Department said Wednesday.

But the Communist regime apparently made some harsh demands on the United States and did not seem inclined just yet to release Chief Warrant Officer Bobby Hall, who was captured after his helicopter strayed into North Korea on Dec. 17.

[North Korea said on Wednesday that Mr. Hall had confessed to intruding deep into its territory on a reconnaissance mission and asked for forgiveness, Reuters reported.]

[North Korea's official press agency, KCNA, in a report monitored in London, quoted Mr. Hall as saying in the confession: "I admit that this criminal action is inexcusable and unpardonable. However, at home my parents, wife and kids are anxiously waiting for my return to them."

"Our intrusion deep into the territorial airspace of the Democratic People's Republic of Korea is a grave infringement upon the sovereignty of the DPRK and a flagrant violation of international law," the agency quoted Mr. Hall as saying.

[News agencies said late Wednesday, however, that Mr. Hall had admitted to "illegally intruding" into North Korea but not to spying.]

Officials said that it was perhaps not surprising that North Korea maintained a hard line on the first day of negotiations, and that it was still possible a compromise could be reached.

Still, the prospect that Mr. Hall's release might be further delayed is likely to increase pressure in the United States to delay the execution of, or scuttle entirely, the recently signed nuclear agreement between the two countries.

Showing his growing impatience, Presi-

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Dow Jones	Trib Index
Down 22.20	Up 0.85%
3839.49	113.31
The Dollar	
New York	West. time
DM	1.545
DM	1.567
Pound	99.25
Yen	100.30
FF	5.337

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L.
Antilles.....11.20 FF	Morocco.....12 Dh
Cameroon.....1.400 CFA	Qatar.....8.00 Riels
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....200 Dr.	Spain.....200 PTAS
Italy.....2,400 Lire	Tunisia.....1.000 Din
Ivory Coast.....1.120 CFA	Turkey.....T.L. 35,000
Jordan.....JD 1.50	U.A.E.....E.S.D Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10

U.S. Spares Muslims in Condemning Airliner Hijacking

By Thomas W. Lippman
Washington Post Service

WASHINGTON — In denouncing the hijacking of an Air France jetliner by four young Algerians, the U.S. government has carefully avoided linking the crime to the Muslim religion. The hijacking was "a grave terrorist crime" for which there can be no justification whatsoever, said the State Department spokesman, Michael McCurry, implicitly rejecting the hijackers' claim to be acting in the name of Islam.

His statement on Monday was the most recent manifestation of a sustained effort by President Bill Clinton and his key foreign policy advisers to improve relations between the United States and the Islamic faith, a powerful and sometimes disruptive force in world affairs.

Inspired partly by political considerations and partly by the president's personal religious convictions, the effort is aimed at convincing the world's one billion Muslims that America is not opposed to their faith and at convincing non-Muslim Americans that Islamic doctrine and culture are not hostile to U.S. values.

This message is delivered consistently in policy statements, responses to world events and symbolic gestures such as Mr. Clinton's November visit to a mosque in Indonesia.

As the hijacking statement showed, administration officials — like many scholars of Muslim teachings — differentiate between Islam as a

religion and extremist political acts carried out in its name.

Senior officials say they recognize that Americans often associate Islam with terrorism and vigilantism. The stern visage of the late Ayatollah Ruhollah Khomeini of Iran and the roundup of Muslim suspects in the World Trade Center bombing reinforced the popular impression of Islam as a menace, as do attacks on foreigners by Muslim extremists in Algeria and Egypt.

There is no doubt that many Muslims take a dim view of U.S. policies and American culture. Groups acting, or claiming to act, in the name of Islam are trying to undermine U.S. policy in key countries, including Egypt, Turkey and the Palestinian self-government zone.

The message from the Clinton administration, however, is that the vast majority of Muslims are not scimitar-wielding fanatics but everyday folk going peacefully about their business, and that they have nothing to fear from the United States. The United States has excellent relations with many key Muslim countries, including Saudi Arabia, Egypt and Indonesia.

But throughout the Middle East and Muslim Asia, groups and individuals that are hostile to the United States for whatever reason — support for Israel, past alliance with the Shah of Iran, cultural inroads, failure to protect the Muslims of Bosnia from Serbian attacks — often don the traditional green cloak of Islam, and the rhetoric

of anti-Americanism, to provide legitimacy to what are essentially nonreligious campaigns.

The best example was President Saddam Hussein of Iraq, a lifelong secularist and leader of a secular political party founded by a Christian, who underwent a last-minute conversion to claim the 1991 U.S.-led war against Iraq's aggression in Kuwait was a war against Islam.

To counter such ploys, Mr. Clinton and his team are trying to convince Muslims worldwide that the "Great Satan," as Ayatollah Khomeini branded the United States, is opposed to terrorism and threatening behavior wherever it occurs, not to Islam as a faith.

During Mr. Clinton's November visit to Indonesia, the world's most populous Muslim country, his major public appearance was at the main mosque in Jakarta. Asked later by an Indonesian reporter why he had visited the site, Mr. Clinton said, "I have tried to do a lot as I have traveled the world."

Continuing, he said he wanted to say to the American people, and to the West generally, that "even though we have had problems with terrorism coming out of the Middle East, it is not inherently related to Islam — not to the religion, not to the culture."

When Mr. Clinton addressed the Jordanian Parliament in October, a senior official said, he revised the text drafted by his speechwriters to deliver the same message in personal terms.

"After all," he said, "the chance to live in harmony with our neighbors and to build a better life for our children is the hope that links us all together. Whether we worship in a mosque in Irbid; a Baptist church like my own in Little Rock, Arkansas, or a synagogue in Haifa, we are bound together in that hope."

If the administration were to succeed in what amounts to a public relations campaign, it could undercut such extremist groups as Hamas, which claims to be religiously motivated as it denounces U.S. support for Israel and Washington's role in brokering Middle East peace agreements.

It also might put Washington in a position to establish at least a working relationship with the Islamic Salvation Front in Algeria, where, if that group comes to power, Washington hopes to avoid the kind of complete alienation that developed with Iran.

But reaching out to the Muslim world at large is difficult because of the nature of Islam. Because there is no ordained clergy in Islam and no central source of doctrinal authority, any Muslim can claim to be interpreting the dictates of his faith correctly if he chooses a path of violence instead of conciliation. For the same reason, there is no Muslim equivalent of the Pope whom Mr. Clinton could invite to the United States in a goodwill gesture.

WORLD BRIEFS

Berlusconi Presses for New Elections

ROME (AP) — Prime Minister Silvio Berlusconi stuck to his call for quick elections in a meeting Wednesday with the president, who is sounding out Italy's parties for a way out of its political mess.

Mr. Berlusconi, who resigned last week but is still running the government, led a list of allies and opponents called in by President Oscar Luigi Scalfaro. The media magnate's opponents want him out, a new governing coalition and elections farther down the road.

"We don't see another solution than returning to the voters to see who is right or wrong," Mr. Berlusconi told reporters after meeting with Mr. Scalfaro.

Le Pen Is Ordered to Pay Back Taxes

PARIS (AFP) — Tax authorities have issued a demand for more than a quarter of a million dollars in unpaid taxes from the French ultrarightist leader and presidential candidate Jean-Marie Le Pen, the daily Le Monde reported Wednesday.

The paper, citing tax officials, said the tax-collecting authority was investigating other items allegedly not declared by Mr. Le Pen in annual tax statements over the last 15 years. The unpaid amounts relate in particular to tax on an inherited fortune and property tax.

Tax officials have concluded that Mr. Le Pen either neglected to mention certain items on his tax declarations or underestimated their value. An aide to Mr. Le Pen, who was in Mauritius and could not immediately be reached, dismissed the report as "fantasy."

Turks Warn Europe on Xenophobia

ANKARA (Reuters) — Turkey said Wednesday that Europe should be more determined in opposing xenophobic violence against Turks working abroad.

"Turkey is very concerned that the xenophobia in Europe is turning into acts of violence and constantly warns the relevant countries about it," said the Foreign Ministry spokesman, Ferhat Ataman.

Turkey formally asked Germany on Tuesday to investigate whether a weekend fire that killed a Turkish national and his son had been started by rightist extremists. The German police said Wednesday that there was no indication of neo-Nazi involvement in the fire. Turks and other foreigners have been frequent targets of neo-Nazi violence, which has killed at least 30 people since 1990.

EU Could Sink Tories, Major Says

LONDON (AP) — Prime Minister John Major, in a bleak New Year's message to supporters, said divisions over Britain's relations with Europe threatened to destroy his governing Conservative Party.

The Conservatives are at record levels of unpopularity and most Britons believe the Labor Party will form the next government. "Our work," Mr. Major said, "is at risk."

He said the European Union was the "one issue above all others which threatens to destroy our party from within." He cited peace and free trade as the key advantages of the 12-nation EU, and asserted that his administration had "won the argument to ensure that Europe intervenes as little as possible in our everyday lives."

U.S. Protests Removal of Kenyans

NAIROBI (Reuters) — The United States joined protests on Wednesday over the removal of hundreds of homeless Kenyans and urged Kenya's government to respect their basic human rights.

The people, victims of ethnic clashes in 1993, were abruptly moved by the police out of their camp at Maela in the western Rift Valley region over the Christmas weekend. Still waiting for land promised them, they spent a fifth day on Wednesday in harsh conditions at makeshift sites on open ground between 60 and 90 kilometers (40 to 55 miles) from Maela.

"Having pledged over \$3.5 million in financial aid to the resettlement of Kenyans displaced by ethnic clashes, we cannot condone a process which is not transparent and which breaches the human rights of ordinary citizens," the U.S. Embassy said.

China Aide Offers Hong Kong Talks

HONG KONG (AFP) — Foreign Minister Qian Qichen of China told a Hong Kong delegation on Wednesday in Beijing that he is ready to visit Britain to discuss the territory's future, Hong Kong news media reported.

Mr. Qian was quoted as telling members of the Democratic Alliance for the Betterment of Hong Kong, a pro-Beijing political party led by Tsang Yok-sing, that he would agree to an official trip to the British capital.

"The course of Chinese-British relations has now been fixed," Mr. Qian reportedly told the delegation, according to local radio and television stations here, but his remarks were not part of a Xinhua news agency account of the meeting.

For the Record

Walter Sisulu, the veteran South African black leader and a friend and former mentor of President Nelson Mandela, was doing much better Wednesday, a spokeswoman at a Johannesburg hospital said. He had suffered mild heart failure. (Reuters)

TRAVEL UPDATE

Eurostar Will Increase Departures

LONDON (Combined Dispatches) — The London-Paris high-speed train service through the Channel Tunnel will increase its frequency on Jan. 23 from two to four trains a day with a fifth on Fridays, Eurostar announced Wednesday. The high-speed service from London to Brussels will increase from two to three a day.

In a related development, the channel ferry company P&O announced a fare of 9 francs (\$1.65) for a same-day return trip between Calais and Dover for foot passengers. The promotional offer is available only to French passengers through the regional newspaper La Voix du Nord. The standard one-day round-trip fare is 240 francs on P&O and 110 francs on its main competitor, Sealink.

The Polish airline LOT said it had signed agreements with Lufthansa, Austrian Airlines and Swissair to open new service between Warsaw and Berlin, Vienna and Krakow, and Zurich and Krakow. (AFP)

Belgian truckers have extended roadblocks to cities in southern Belgium, including Mons, Arlon, Liege and Charleroi, Belgian radio said. The truckers, who are protesting a new highway tax, are stopping trucks but allowing cars to pass. (Reuters)

Taiwan will extend to 14 days from the current five the period that foreigners from 12 countries can stay without visas, an official said Wednesday. The countries are Britain, France, Germany, Austria, the Netherlands, Belgium, Luxembourg, the United States, Japan, Canada, New Zealand and Australia. (Reuters)

Security Lapses Preceded Seizure

Reuters

PARIS — Algeria acknowledged on Wednesday that there had been lapses in security at the Algiers airport that might have contributed to the Christmas Eve hijacking of a French airliner.

"Unfortunately, some shortcomings have become evident, as exist at any other international airport," the Algerian secretary of state for cooperation, Ahmed Attaf, said in a statement carried by the official Algerian press agency, APS.

"We are going to correct that," Mr. Attaf said, speaking of the lapses. He did not provide any details on what they were.

Passengers had said that the airport police were conspicuously absent while they were boarding the aircraft. The hijackers seized the jet and the passengers before takeoff.

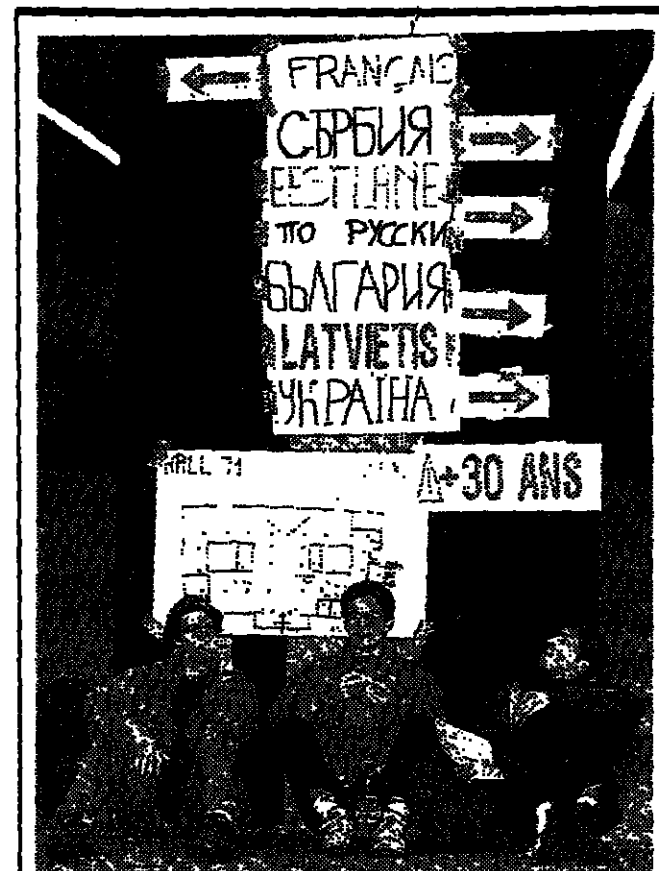
After being freed, some of the hostages said

they suspected two of their fellow passengers of being accomplices, noting that the two often sat in the rear of the plane and appeared to be looking after things when the hijackers were occupied in the front of the aircraft.

France, meanwhile, began investigating whether the hijackers had accomplices in France. The Paris public prosecutor's office started legal action against "persons unknown" for complicity in the attack, justice sources said.

A Muslim Cleric Is Expelled

France has quietly expelled another Muslim cleric known for extremist preachings, an official source said Wednesday, according to an Associated Press report. Maher Hari, 41, a Tunisian who held services at a mosque in Marseille, was living illegally in France, the source said.



PILGRIMS — Youths waiting Wednesday in Paris for the opening of a three-day congregation bringing together some 100,000 Christians from across Europe.

Algeria Is Too Risky for Press

Civil War's Extent and Horror Little Known

By Youssef M. Ibrahim

New York Times Service

PARIS — The world's press has been largely shut out of the Algerian civil war, which has claimed between 600 and 1,000 victims each month since this summer.

Islamic fundamentalists fighting to establish a Muslim theocracy in the Iranian mold have declared Algerian and foreign journalists to be prime targets.

According to Reporters Without Borders, an organization based in France, 26 Algerian journalists and one French reporter have been killed in Algeria this year in a deliberate campaign embraced by the Islamic Salvation Front, the major opposition party.

The slayings were carried out by the party's armed branches, which are battling Algerian authorities from one end of the country to the other.

Widening the war with equal brutality, the army has moved in the last year to muzzle the local press and keep the international press from reporting or witnessing warfare that includes widespread use of napalm and executions.

The policy is part of what senior commanders of the Algerian Army have dubbed a "total eradication strategy" against all Muslim opposition.

Over the past year, the Algerian government has severely limited the ability of the local media to cover the civil conflict beyond authorized news bulletins. Few visas are granted for foreign reporters.

As a result of intimidation by both sides, international news organizations have pulled out correspondents and hesitate to press journalists to go, even on occasional visits.

"The first reason is fear," Robert Menard, director of Reporters Without Borders, said Tuesday.

"It would be a colossal risk for any editor to send a reporter to Algeria," he continued. "For working journalists, Algerians and foreigners alike, the place is 100 times more dangerous than Bosnia or Rwanda. Going there is like playing Russian roulette with a journalist's life. Most editors are reluctant to make this decision."

Alan Thomas, chief of the Reuters Middle East bureau in Nicosia, said the agency decided to pull its correspondents out of Algeria a year ago.

"The advantage of having a deadline out of there is outweighed by the security situation, the danger to the lives of the reporters," he said.

The "blackout," as many editors call it, has eclipsed the profile of a war that is victimizing

an increasing number of innocent civilians.

After announcing that the number of dead was 3,000, the Algerian government conceded earlier this year that the actual number was closer to 10,000.

Independent French and Algerian estimates put the number of dead since the conflict began in 1992 at a minimum of 30,000.

The Algerian war has been particularly frustrating for the French press, which has retained a historical and emotional commitment to covering the North African country in view of its 130-year occupation.

President Charles de Gaulle granted Algeria its freedom in 1962 after a bloody war of independence. The French refer to the war raging now as the "Second Algerian War."

"I think there are large zones of shadows over what happens in Algeria today," said Alain Frachon, foreign editor of Le Monde, the French newspaper whose correspondent covering Algeria now visits only occasionally for brief periods when she is satisfied she can enter and exit safely.

"Because of these restrictions imposed on most of the international press and, more important, those imposed by the Algerian government over our largest source of information, the Algerian press itself, there is much we don't know," Mr. Frachon said.

RUSSIA: Troops Escalate Assault

Continued from Page 1

ken. There were two large craters nearby.

Mr. Yeltsin was sharply attacked in Moscow again Wednesday by his former prime minister, Yegor T. Gaidar, who said the president was losing his grip over real information, which was leading to "fatal political mistakes."

"We and the president, it's as if we live in different worlds of information," Mr. Gaidar said. "He has a different picture of what's happening in Chechnya than myself and my colleagues in Grozny, and most Russians."

Mr. Gaidar said the expense of the war could destroy the hope of economic stabilization in 1995, and that Mr. Yeltsin seemed to be moving away from the idea of democratic reforms.

He would do nothing to help the enemies of democracy or to destabilize the country, Mr. Gaidar said, but he could no

longer fully support Mr. Yeltsin's policies. By that, he said, he meant not only Chechnya, "but a very serious change of political course that has taken place within the last few months."

Mr. Dudaev, who appeared on television Tuesday to urge his people to fight to the death, made no public comments or appearances Wednesday. The only open road from the city, to the south, was filled with refugees dragging every possession they could stuff into their overburdened cars or buses.

Kohl Plans to Visit Balladur

Reuters

PARIS — Chancellor Helmut Kohl of Germany will visit Prime Minister Edouard Balladur on Jan. 5 at his winter home in Chamonix in the French Alps, the French official's office announced Wednesday.

ALGERIA: Paris Gets Little Relief

Continued from Page 1

Group said the hijacking was in reprisal for French aid to the Algerian government, senior officials here went out of their way to insist that France had not taken sides in Algeria. "We would like it to know peace and to know it through democracy," Mr. Balladur said.

While Mr. Pasqua has always argued that democracy and Islamic fundamentalism are incompatible, the interior minister also stressed Tuesday that he had no differences with Foreign Minister Alain Juppé, who has encouraged Algeria to negotiate with opposition groups.

Yet Paris still seems unsure whether a more even-handed approach to Algeria's troubles would make any difference in a conflict where, in the words of

the daily Le Monde, "the logic of war" seems to have taken hold.

What is clear is that France, which ruled Algeria for 130 years before it was defeated in a independence war in 1962, cannot easily extract itself from involvement in the country's new war. France and Algeria remain tied to each other by painful memories and present realities.

That war tore France apart, with many French still unwilling to forgive Charles de Gaulle for granting Algeria independence. Yet Algeria's revolutionary government soon looked to Paris for help. And today, the warring factions still expect France to play a role. It is as if the two countries have shared too much history to be able to go their different ways now.

CIA: Woolsey Resigns After 2 Years as Chief of U.S. Intelligence Service

Continued from Page 1

1993. But he faced one storm after another in his 23 months at the helm of the CIA.

Days after he took over, he learned that there was a suspected traitor inside the agency. A year later came the arrest of Mr. Ames, a career CIA officer who betrayed at least 10 Soviet agents secretly working for the United States. He had spied for Moscow for nearly nine years, undetected, despite what were in hindsight painfully obvious warning signs.

The case made the CIA a laughingstock. While Mr. Ames was caught on Mr. Woolsey's watch, and while he instituted changes as a consequence of the case, the director absorbed the political equivalent of a public whipping. The criticism intensified when Mr. Woolsey meted out retri-

mands — not demotions or dismissals — to 11 present and former CIA officers involved in the case.

"This is a superbly qualified, highly intelligent guy who walked into a buzzsaw that was none of his making in the Ames thing," said William E. Colby, director of central intelligence from 1973 to 1975.

In the Ames case and in other CIA affairs, Mr. Woolsey often behaved like a man walking two tightropes at once. He tried to shore up the CIA's morale by protecting and defending it from widespread public criticism. At the same time, he tried to accommodate the agency's congressional overseers, many of whom think the CIA has lost its way and needs a shake-up.

In the end, he satisfied almost no one.

according to White House, congressional and agency officials.

Immediate speculation about a successor centered on the deputy secretary of defense, John Deutch; the former director of the State Department's intelligence bureau, Morton Abramowitz; former Senator Warren Rudman, a Republican who served on the Senate intelligence committee until his 1992 retirement from Congress; and the deputy director of central intelligence, Admiral William Studeman. Admiral Studeman is likely to serve as acting director of central intelligence until a successor is named.

The director of central intelligence has two jobs, serving as the chairman of the board of all the nation's intelligence agencies and as the chief executive officer of the CIA.

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★ POLITICAL NOTES ★

Loss Wins Agriculture Nominee His Goal

WASHINGTON — Representative Dan Glickman of Kansas, President Bill Clinton's choice to become the next secretary of agriculture, may yet prove that it is possible to win by losing.

Mr. Glickman sought the post two years ago but lost out to Mike Espy of Mississippi, a junior member of the House Agriculture Committee. Now, after an even more stunning defeat seven weeks ago in his home district of Wichita, Mr. Glickman has been nominated at last to the office he coveted.

Even as a lame duck, Mr. Glickman did not go out of his way to endear himself to the White House, voting against ratification of the global trade accord that Mr. Clinton had made a priority.

But the record he had built over nine terms in Congress as a leader in crafting farm policy apparently persuaded the availability.

Mr. Clinton formally announced the nomination at a White House ceremony Wednesday. With a champion in Senator Bob Dole, the Republican leader and a fellow Kansan, Mr. Glickman is likely to win swift confirmation.

Mr. Espy, who has said he did nothing wrong, steps down Saturday. He remains the subject of a special prosecutor's inquiry into his acceptance of plane rides and other favors from industries regulated by the department. (NYT)

Clinton Still Has His Many Admirers

NEW YORK — He may have taken a beating from Republicans in last month's midterm elections, but Mr. Clinton is the most admired man in America, according to a new public opinion survey.

The CNN/USA Today poll of 1,016 Americans, conducted by the Gallup Organization, found former President Jimmy Carter to be the second most admired man. Sitting presidents, the pollsters said, usually take the top spot.

Hillary Rodham Clinton tied with Nobel Peace Prize-winner Mother Teresa as most admired woman. (Reuters)

Yes, Some Candidates Are Real Crooks

CHICAGO — In a city where politics is often played as a game of organized revenge and human frailty is not something one tends to advertise, an unlikely new theme is being bruited about by hardened operatives — the politics of redemption.

Taking a cue from the strategy that swept the former mayor of Washington, Marion S. Barry, back into office last month despite a cocaine possession conviction, five Chicagoans with criminal histories are seeking their own public salvation, vying for seats on the City Council.

They have declared their intentions despite a new Illinois law that seeks to block felons from running for municipal office. But many legal experts suggest that the law may prove unconstitutional because it provides a stricter standard for municipal offices than it does for statewide offices.

"If Barry can do it, why can't we do it?" asked Tom Hendrix, a Democratic candidate for alderman who served four years in prison for soliciting murder for hire. "I made my mistake, like a lot of people do. But are we supposed to pay for it, over and over, the rest of our lives?" (LAT)

Quote/Unquote

Former President George Bush, who once served as director of central intelligence, on criticism of the CIA over the Aldrich Hazen Ames spy case: "Now the CIA is under attack again. People want to take the Ames mole case and use that to bash the CIA. Some suggest the agency should be in the State Department. Some say we no longer need the types of intelligence CIA provides the president. How wrong those views are." (Reuters)

Colleges Restrict Advanced Credits

By William Celis 3d

New York Times Service

NEW YORK — For more than 40 years, Advanced Placement tests have become a standard fixture in high school for America's ablest students.

While they attended high school, they earned college credit by taking demanding classes ranging from art and Latin to calculus and physics.

But as the number of Advanced Placement courses — and students taking them — has proliferated, more and more colleges and universities are tightening the number of credits they will award to students.

Some institutions have increased the minimum test score they will accept. Others are refusing to accept the credits at all as substitutes for college work, saying that as they have redesigned curriculums, the tests have become outdated.

All of this puts students like Adriana Izquierda, a 19-year-old freshman at Johns Hopkins University in Baltimore, in an unexpected spot. During her senior year in Buffalo, New York, Ms. Izquierda thought she had taken enough advanced placement courses to skip her freshman year of college and save the money. The tests cost about \$72 each, or about \$22 a credit, far cheaper than the actual cost of a typical college-level course.

Harvard University, which accepted her, agreed to give her credit for all her advanced placement classes, offering her 32 undergraduate credits in American history, French, German, English composition, economics, calculus and biology, and placing her in the sophomore class.

Instead, Ms. Izquierda decided to go to Johns Hopkins University, because as a premed

student she felt it had a stronger science curriculum and more research opportunities. But Johns Hopkins, like a small but growing number of private, competitive colleges, was unwilling to give her credit for all the courses.

After she enrolled, she learned that the college would give her only 22 credits, leaving her 2 short of the minimum 24 credits Hopkins requires of sophomore students. That meant she started as a second semester freshman.

"I was surprised and startled," she said, "that they didn't accept more."

The changing attitudes of some institutions toward the advanced placement tests come as more students are taking the tests — a record of nearly 400,000 in 1994. College encouragement this by taking the tests into consideration for admission and for merit-based scholarships.

Revisionist Democrats Put the Blame on Their Liberalism

By Kevin Merida

Washington Post Service

WASHINGTON — There was a time when Democrats proudly embraced the New Deal and the Great Society, when they defended their liberal traditions of battling discrimination, helping the poor and protecting the rights of union workers.

But these days, a growing number of moderate and conservative Democrats say the party desperately needs an image make-over. Shaken by their shelling in the November elections and fearful that their party could become irrelevant, these Democrats are arguing that the party should move right to get to the center. In doing so, they are raising a critical question: Is it finally time to pronounce the death of Democratic liberalism?

"Democrats are really defensive about their party," said former Senator George S. McGovern, the party's unsuccessful 1972 presidential nominee and one of its liberal luminaries. "It's almost as though people don't want to say 'liberal.' Democrats have quit fighting. They don't defend the traditions of the party, the good programs of liberalism."

Republicans have pledged to dismantle many federal social programs. Declaring that there soon will not be any liberal Democrats left, the broadcaster Rush Limbaugh joked at a recent dinner with incoming House Republicans that they should keep a few liberals around, kind of like preserving fossils in a museum, so that the next generation would know what the species looked like.

The Democratic Party's postelection search for new definition shifts to Capitol Hill next week when the 104th Congress convenes. By now, liberal Democrats should be accustomed to this ritual. When the party suffers at the polls, it is often liberal ideas, liberal candidates and liberal constituencies that are blamed.

It happened after Jimmy Carter lost the presidency in 1980 following a divisive primary challenge from a liberal senator from Massachusetts, Edward M. Kennedy. It happened after Walter F. Mondale was trounced in the 1984 presidential election following his acknowledgment that he would have to raise taxes. It happened again four years later when a once-successful governor, Michael S. Dukakis of Massachusetts, was turned into a card-carrying American Civil Liberties Union member who let prisoners out on weekends. He, too, became a symbol of the Democrats' liberal excesses. And now it is happening again.

The party's moderate and conservative voices have been dominating the postelection megaphone. Leading the charge have been the centrist Democratic Leadership Council and its public policy arm, the Progressive Policy Institute. Their critiques of the party's failings have spared no one, not even President Bill Clinton, one of the council's founders, who was upbraided at a recent meeting for abandoning his principles as a "New Democrat."

"If the 1994 midterm election signaled anything, it was the death of the New Deal political alignment and the programmatic approaches it spawned," the council's president, Al From, and the institute's president, Will Marshall, wrote in the latest issue of the council's magazine, The New Democrat.

The two argued that the elections actually liberated Democrats by "sweeping away the institutional underpinnings of the liberal status quo: seemingly perpetual Democratic control of congressional committees and long-standing relationships with favored constituencies and interests."

Mr. McGovern, who teaches a foreign policy course at George Washington University here, said he has been wearily watching as Democrats struggle to redefine themselves. As he sees it, the party should not try to out-Republican the Republicans.

"We are a liberal party, the Republicans are a conservative party," he said. "And the battle lines ought to be drawn on that basis. It's hard for me to believe we really lost because we went too far to the left. I rather think it's our timidity about presenting a liberal agenda."

Many liberal Democrats maintain that the latest election was not a referendum on their party ideologically but a referendum on them as communicators and strategists.

"I think Democrats are not correct if they think they have the wrong message," said Louise M. Slaughter, a liberal-leaning representative from upstate New York. "The problem was they had no message."

Poor communication? No message? "That's the same old warmed-over excuse," said Representative James Cooper, a moderate Democrat who also was defeated in his bid for the Senate. The Tennessee cited Mr. Clinton's failed health care plan as the embodiment of the old liberal tradition of big government as problem-solver.

"Part of the problem," said Barney Frank of Massachusetts, one of the leading liberals in the House, "is the left imposes higher standards for its political support than the right." When the Democrats are in power, he said, all of their constituencies expect their interests to be addressed quickly and with little compromise.

"Clinton tried to do something about grazing fees," he said. "He angered mining and grazing interests for trying, and the environmentalists got mad at him for not succeeding."

Some liberals, tired of being treated as scapegoats, are starting to organize. The Reverend Jesse L. Jackson's Rainbow Coalition is holding a conference of elected officials, environmentalists, labor leaders and other traditional liberals during the week Congress convenes. Mr. Jackson has talked of challenging Mr. Clinton as an independent in 1996 and said he is beginning to "build an organization and an infrastructure" from the remnants of his 1988 presidential campaign.



SPRING IN WINTER — A rower stroking in spring-like weather on the Charles River in Cambridge, Massachusetts.

Away From Politics

• Edward J. Leary, 49, was indicted by a grand jury on charges of carrying the firebomb that injured more than 40 people on a subway Dec. 21 as part of an extortion plot against the New York City subway system. (NYT)

• A federal judge has issued a preliminary injunction preventing Oregon from putting into effect its voter-approved assisted-suicide law until a court can decide if it is constitutional. (AP)

• Orange County, California, should help replenish its drained treasury by filling up its dumps, said William Steiner, a county supervisor. The county has an abundance of landfill capacity that it could sell to other areas, he said. (AP)

• After 14 years of leading tourists through the Reverend Martin Luther King's birthplace and tomb, the National Park Service has been ordered off the property by Mr. King's family in a dispute over conflicting plans for another building at the site. (AP)

• U.S. hospitals registered 367 million outpatient visits in 1993, up 5.3 percent from 1992 and up 75 percent from a decade earlier, the American Hospital Association said. Of 22.8 million operations performed during 1993, 55 percent were done on an outpatient basis, compared with 24 percent in 1983. (AP)

• In an effort to improve its image, the toolmaker Snap-On Inc., of Kenosha, Wisconsin, has ended a 12-year tradition of distributing calendars showing female models displaying the company's products. The 1995 calendar has photos of vintage cars. (AP)

Mexico and Rebels Act to Ease Tensions

Compiled by Our Staff From Dispatches

MEXICO CITY — The Mexican government and rebels have moved to reduce tensions in Chiapas State, with the rebels welcoming government efforts to open a dialogue and President Ernesto Zedillo Ponce de Leon ordering some troops out of the area.

The rebels of the Zapatista National Liberation Army said that they "saluted" the government's acceptance of a civic group led by a Roman Catholic bishop to mediate between the two sides.

The Interior Ministry said in response that the government was "encouraging signs" in the rebel statement.

"The president of the republic has given instructions to the Defense Ministry to withdraw its troops and end its operations in the towns of San Quintin and Monte Libano," the ministry said.

The two towns, on the edge of the Lacandon jungle in eastern Chiapas, are close to the rebels' stronghold. Military operations there in recent days had been described as provocative by the rebels and critics of the army.

A lack of communication from the Zapatistas for more than a week had concerned many in the government, who wondered if the rebels were planning a repeat of their uprising that began last Jan. 1.

More than 145 people died in the unrest before a cease-fire took effect Jan. 12.

In their statement, the rebels said they recognized the Interior Ministry as a valid representative in any future contacts between the two sides via the National Mediation Commission, headed by a Roman Catholic bishop in Chiapas State, Samuel Ruiz.

Bishop Ruiz, a fierce defender of indigenous rights, has been staging a hunger strike for the last week to push for new talks.

The Mexican currency has been badly hit by political uncertainty sparked by the Chiapas situation, as well as by more general concerns about the health of the economy. The government devalued and then floated the new peso against the dollar last week and the currency continues to slide. (Reuters, AP)

One of the bullets, Rhinoceros, is supposed to fragment on contact with the human body, breaking up into thousands of tiny shards that tear open a hole in the flesh the size of a grapefruit.

The other new bullet, the Black Rhino, is designed to cut through a bulletproof vest, then fragment into many pieces, causing a massive wound.

Law enforcement officials and gun-control advocates demanded federal action to ban the new bullets.

Senator Daniel Patrick Moynihan, Democrat of New York, said there was "something sick" about Mr. Keen's comments. He said he would propose legislation to ban the bullets if federal regulators did not block them. Another New York Democrat, Representative Charles E. Schumer, has proposed House legislation. Congress reconvenes next week.

In a broadcast interview on Wednesday, Mr. Keen said he had made "a management deci-

sion to put the Black Rhino on hold" even if it was approved by federal authorities. But he said he would proceed with plans for the fragmenting Rhinoceros bullet, in 9mm and .45-caliber versions. Federal approval is expected in about a month.

Mr. Keen's comments about the destructive power of the bullets also provoked skepticism from the National Rifle Association, which said he had made "dubious claims."

"This has all the trappings of a hoax," said the group's chief lobbyist, Tanya K. Metaksa. "What we have is an outbreak of mob journalism centering on the dubious claims of a would-be manufacturer."

Mr. Moynihan sponsored a 1986 ban on armor-piercing "cop-killer" bullets and shepherded an expansion of it into the crime bill.

Because Rhino rounds are made of carbon-based plastics called polymers, rather than metal, the Black Rhino would sidestep the ban on armor-piercing bullets.

Before this week, Mr. Keen said, law enforcement officials were calling for bullets with the armor-piercing qualities of the Black Rhino. But Don Cahill, legislative director for the Fraternal Order of Police, said Wednesday that most criminals did not wear bulletproof vests and there was "no doubt" that the ammunition would fall into the wrong hands.

Gun-rights supporters note that at least two types of bullets similar in effect to the Rhino-Ammo are on the market.

Supporters say there are advantages to bullets that break up upon hitting human tissue. They cannot pass through a target's body and hit someone else, and if a shot misses the target and hits an object, it disintegrates instead of ricocheting.

Mr. Keen said his bullets would be sold only to law enforcement agencies and federally licensed gun dealers. (AP, WP)

Milton Pitts, Barber to 4 U.S. Presidents, Dies at 82

New York Times Service

WASHINGTON — Milton Pitts, 82, barber to four Republican presidents as well as to other political celebrities and prominent entertainers, died of heart failure on Sunday.

Over a period of two decades, Mr. Pitts charged Presidents Nixon, Ford, Reagan and Bush \$25 for a wash, haircut and blow-dry, disdaining high-priced fellow barbers.

"There's no excuse for a person paying \$200 for a haircut," he said. "That's showmanship."

His price on Nov. 29, his final day of barbering before he entered the hospital, was \$35.

His personal politics, "Republican as they come," according to his daughter, Barbara, seemed to have played into his professional life as well, since Presidents Carter and Clinton rejected his services. But at least one Democratic hopeful, George McGovern, got his hair cut by Mr. Pitts at his shop in a Washington hotel.

Mr. Pitts had definite ideas about how to make his most prominent customers look what he called "presidential." When they first came to him, he found that Richard Nixon, Gerald R. Ford and Ronald Reagan used a lot of what he called "that greasy kid stuff," or hair oil.

He managed to dissuade them from such applications. Mr. Pitts said, and to allow the barber to work them toward what he called "the oval look."

Attilio Monti, 84, Founder Of Italian Publishing Empire BOLOGNA (AP) — Attilio Monti, 84, a self-made oil man who later founded a publishing empire, died Friday in Antibes, France, his company said Tuesday.

Mr. Monti began selling gasoline at age 17, becoming an agent for the state-owned oil company Agip. He then built a refinery, which was destroyed during World War II and later rebuilt.

In 1966, he branched into publishing and purchased Il Resto del Carlino, Bologna's main newspaper. His company, Poligrafici Editoriale SpA, also owns two national newspapers: La Nazione of Florence and Il Tempo in Rome.

It also publishes a television magazine, and operates a news agency, a printing plant and an advertising company. Its non-media holdings include hotels in Bologna and Milan.

Hatem Hussein, 54, a Palestinian academic and a leader of

Yasser Arafat's Fatah organization, died of cancer on Tuesday in Jerusalem.

Fanny Craddock, 84, Britain's first celebrity television chef, has died, a spokesman said Wednesday in London.

Dozens Killed in Venezuela The Associated Press

MATURIN, Venezuela — Two buses collided Wednesday and one ruptured a pipeline, setting off an explosion and fire that killed dozens of people, officials said. It was feared the death toll might reach 50.

This prestigious conference will assess the new developments in France following the Presidential elections and will feature key members of the new government in addition to major industrialists and finance and government leaders from around the world.

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Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The China Quarrel

China has moved with stunning speed to make itself a major force in the world's economy. But it has never accepted the idea that the rules applying to other countries should also apply to itself. That is the issue at the center of the quarrel between China and the United States in these last days of the year.

On Friday the White House is to announce a list of nearly \$1 billion worth of Chinese exports against which it proposes to impose sanctions in retaliation for massive Chinese piracy of American patents and copyrights.

On New Year's Day the new World Trade Organization will be established, and China wanted badly to be one of the founding members. It has been blocked chiefly by the United States, which argues that China must first show that it is prepared to live by the WTO's principles.

China is a special case in many important respects. It is the world's 10th largest exporter (the other nine are all highly industrialized countries) and its exports in the 1990s have been rising three times as fast as the world average. There has never been a country with as large a presence in world trade that has had as low a standard of living. China claims exemptions from many rules on grounds that it is poor and a developing country. The United States responds that those exemptions were allowed for small countries only beginning to venture into trade — and that's not China.

While China is no longer a Communist country in many respects, it is still under a government with vast power to interfere with normal trade. The countries with open economies want assurances about the use of that power. That is particularly true of the United States, which is now running a huge deficit in its trade with China and blames much of it on Chinese manipulation of the rules of trade access.

Earlier this year the Clinton administration threatened to cut off most American trade with China unless the Chinese improved their record on human rights. When the Chinese refused to respond, the United States awkwardly backed away from the threat on grounds that it would inflict too much damage to both American business and to Chinese reformers. It was a sensible decision, if inglorious, but there is now a danger that the Chinese believe that they no longer need to pay attention at all to foreign protests about their conduct.

That is why the United States has to stick firmly this time to its insistence on the enforcement of the rules. The prosperity of a billion people and, very possibly, the peace of Asia depend on the continued and orderly rise of China as an economic power. That requires the rest of the world to keep its markets open to China — but it also requires China to live by the world's laws.

— THE WASHINGTON POST

Mistakes in Chechnya

President Boris Yeltsin was justified in using force against the breakaway Russian republic of Chechnya, but as a political exercise and military operation the attack has been inept. That is now a problem for him and for Washington.

The indiscriminate bombing of Grozny, Chechnya's capital, was a mistake, one that Mr. Yeltsin acknowledged on Tuesday in a nationally televised speech in which he announced a suspension of such attacks. No strategy was more certain to revive century-old resentments among the Chechens and unite them against Moscow, or more likely to galvanize opposition in Moscow to any effort to crush the Chechen rebellion.

The bombing undermined the case Mr. Yeltsin can and should make for keeping the Russian Federation whole. It needlessly raised doubts about the morality of a politically sound position that Chechnya deserves a measure of political autonomy but not full independence.

Yet the precision bombing and ground assault that Mr. Yeltsin promised in his speech are sure to cause more civilian casualties; their use must be limited to carefully defined military targets.

Military tactics are only one issue. The larger problem is that President Yeltsin badly misread the political terrain in Moscow and Grozny and overestimated the capability and will of the Russian armed forces.

Politicians across the spectrum questioned his decision to use force. Only the nationalist extremists around Vladimir Zhirinovskiy offered much encouragement. The head of the Parliament's human rights commission, Sergei Kovalev, in an open letter to Mr. Yeltsin from

Grozny, wrote of "witnessing the death and flight of noncombatants, the destruction of homes and industry." Ordinary Russians could see that for themselves on Russian television news. Demonstrators on the streets of Moscow protested the military move.

The Russian military, with memories of Afghanistan still vivid, openly rebelled. General Boris Gromov, a deputy defense minister who had commanded forces in the Afghan war, warned against military action, and another deputy defense minister offered to resign rather than take command of the operation. At least one tank commander in Chechnya resisted carrying out orders and was cashiered.

The political dissent is healthy, and the unfettered broadcasting from battle areas around Grozny is welcome confirmation that Russian reporting has recovered from Soviet censorship. The hesitancy of the army should erase any lingering fear that the Russian military could threaten Europe again any time soon. But these developments do not change the basic concern: The nasty little war risks derailing Russia from the reform track that Mr. Yeltsin had set it on, and risks further eroding his support at home.

Washington has an interest in keeping Russia and reform intact. After initially giving Mr. Yeltsin a green light for military intervention, the Clinton administration should now be reminding the Russian leader that clumsy application of military force in Chechnya can undermine stability in Moscow. Mr. Yeltsin should be searching for a political, not a purely military, way out of this crisis.

— THE NEW YORK TIMES

North Korea Stalls

Does North Korea realize the risks it is taking by dragging out the helicopter incident? The Communist regime in Pyongyang has not only forfeited the bonus of American public regard that it could have reaped by promptly returning not just the remains of the dead pilot but the surviving pilot and the helicopter. It also has stirred the already deep misgivings that many Americans had about the nuclear accord the two countries signed two months ago.

The helicopter went down on Dec. 17. At first it appeared that North Korea might accept American assurances that the aircraft was on a routine training flight and had mistakenly strayed into its territory in a snowstorm. Washington expressed regret and announced procedures to guard against any uncontrolled or provocative element in the posture of the 37,000 American soldiers on this last armed front of the Cold War. But the Koreans began insisting that the helicopter was on an espionage mission — on Tuesday the pilots were termed "criminals" — and demanded an apology. Washington "categorically" denies spying and withholds an apology.

With the succession to the late dictator Kim Il Sung still not finally settled, perhaps one or another faction seeks political advantage by showing how tough it can be toward the United States. Whatever, with each day North Korea lets the helicopter

incident cast a darker shadow over the already problematic nuclear accord.

So far North Korea has respected its commitment to permit international verification of its frozen nuclear program. The United States had figured to start delivery in just a few weeks of the oil intended to compensate Pyongyang for energy lost from its shut-down nuclear reactors, and Washington is consulting Japan and South Korea to raise \$4 billion to replace these reactors with models less likely to produce nuclear weapons materials. But this commitment can hardly be expected to withstand a bad-faith performance on the captive pilot.

North Korea retains a hostile leadership whose internal processes are still largely shielded, and it maintains a huge military force positioned for another invasion — the first was in 1950 — of the South. This is the fundamental cause of the insecurity on the Korean Peninsula. The helicopter that strayed represents an American commitment to the South's defense that began with the North's earlier aggression.

The nuclear accord invited the isolated and impoverished North to exchange its nuclear option for a settled place in a regional and world community. North Koreans will put this at risk if they act in a way raising even the slightest question about their fidelity to the bargain.

— THE WASHINGTON POST

The Jobs Crisis Is Worldwide, Ominous and Growing

By Paul Kennedy

NEW YORK — The United States currently may have only 3 to 4 percent of its working population in the agricultural sector, perhaps about 18 percent in industry, and 70 to 75 percent in services. Is this a natural process, due to be followed by all other societies?

Perhaps it is, but a glance at today's global economic condition, with all its complexities and contradictions, suggests that we should not automatically assume that this form of modernization will spread from continent to continent.

There is a need, rather, to ask a few large and searching questions.

First, from what new inventions, and in what new fields, might we expect future job-multiplying industries? The shipbuilding industry of Western Europe in the 17th and 18th centuries was one such multiplier, stimulating many ancillary trades and industries. Steam-driven textile machines were another multiplier. The mid-19th century railway was another. The automobile was an even greater job multiplier. In more recent times, we might list the aircraft industry and air transportation.

They were job multipliers because, for example, the automobile generated employment not just in Ford or Hyundai factories but among thousands of suppliers, gas station attendants and highway construction crews. In addition, the per capita added value of those new inventions was higher than that of the products they replaced. An automobile worker thus earned more than a blacksmith.

Today's new technologies like biotech, however, seem to require only Ph.D.s — or, like robotics, destroy more jobs than they create.

What if no new industries are arising in regions where traditional occupations are being made redundant — as, say, in the northern or western parts of France? Agriculture's share of employment continues to tumble, despite vast subsidies. Steel, coal, metal-making shrink and shrink. Even Euro Disney doesn't work. Where is new employment?

□

A related question is how best to pay the "social costs" of shedding, as in the case of British Steel, 80 percent of the jobs in an inefficient industry. Invite people to move elsewhere, in the American manner? Pay them unemployment insurance, as is the British and French method? Invest in retraining and retooling skills, as in Scandinavia?

What will the political repercussions be? A right-wing backlash? Protectionism against foreign goods? Granted that we cannot halt modernization, and that it has provided a long-term stimulus to global economic growth over the past 250 years. How do economists, businessmen or politicians handle processes like the automation of the factory and the office, which eliminates more jobs than it creates? A new invention is one thing; a new invention specifically designed to get human beings out of the workplace is another.

Granted, again, that modernization is unstoppable. How does it work when production of an item takes place not just in a specific region like Western Europe in the 19th century or East Asia in the late 20th century, but globally; when there are 50 countries, with varying standards of wages, capable of producing soybeans, and 70 countries capable of producing steel?

Adam Smith's famous argument in favor of free trade and specialization (that it made no sense for both England and Portugal to strive to produce wine and textiles when England's climate made it a better textile producer and Portugal's climate made it a better wine producer) does not address this reality of multiple competitive sources. Yet that is the basis of modern free market

economics. What if there is nothing you can produce more cheaply or efficiently in one place than another except by constantly cutting labor costs?

□

What would the world look like if, at some time in the next century, it replicated the United States in the percentages of population engaged in each economic sector — if, globally, only 3 to 6 percent ended up in agriculture, rather than the 50 to 80 percent in many developing countries today? Where would all those farmers and peasants have gone? To the cities? The insurance companies? The health care services?

Can we imagine a world of 8.5 to 10 billion people, the vast majority of whom are engaged in services? Would there also

be intense competition in this field as, say, lower-paid lawyers in India offer their services to customers in America or Germany or Australia? Just how far does modernization and global competition go before it challenges every activity, every job, every practice?

Like national self-determination, laissez-faire in trade is a principle of which we generally approve. But do we want to push this principle to its ultimate conclusion?

□

Finally, perhaps the most politically explosive question of all: What are the implications of the continuing growth in world population, especially in poorer countries desperate to find jobs for their adolescent populations?

If each year we add another 95 million people to the earth's total, then each year we need to create an additional 40 million jobs globally. If we cannot

produce decent employment for millions of young people in America, Europe, Russia and perhaps now even Japan, what prospects do we offer to the emerging hundreds of millions of men and women in the developing world?

And why should we be surprised, when we project television programs like "Dallas" and "Bridges" to the North African littoral or the Atacama Desert in Chile, that millions of young, ambitious people are planning to move toward richer, Northern countries in the hopes of getting a job?

After all, why shouldn't they? This is an age in which virtually all of what the classical economists termed "the factors of production" are being liberated. Finance, trade, intellectual property, patents, cultural programs, tourists, exchange students — everything is becoming part of a globalized system.

But there is one factor of production that is not being allowed to roam across borders at will: labor, people, human beings. Isn't there a basic contradiction here? Isn't this precisely one of the greatest challenges that our global society faces as it doubles from 5 to 10 billion people in the coming half-century?

The momentum of global integration has placed these issues of jobs and migration front and center. Marx once said that history only presents those questions for which its own development will yield answers. Let us hope that, just this once, he was right.

Mr. Kennedy, historian and the author of "The Rise and Fall of Great Powers" and "Preparing for the 21st Century," is co-director of the secretariat of an Independent Working Group on the Future of the United Nations appointed by UN Secretary-General Boutros Boutros Ghali. This column has been adapted by the International Herald Tribune from a longer essay distributed by New Perspectives Quarterly.



Cheer Up, Downsizing Is Good News for Some

By Richard Reeves

LOS ANGELES — Mattel Inc., which got its usual substantial share of Reeves family Christmas money for Barbie dolls and Disney stuff, announced the good news a week before Santa came: record 1994 profits projected, stock price up 19 percent for the year, laying off 1,000 of its 22,000 employees.

"Analysts," said The New York Times in a story on another triumph of American know-how, "described the Mattel layoffs as an attempt to cut costs after a year of acquisitions and record profits."

"It is a very good move," said one of the quoted analysts, Jill Krutick of Smith Barney. "This will absorb costs" for an expected move into computer software "while

allowing Mattel to continue their double-digit growth."

Goody, goody! I'm just crazy about analysts — they cut out middlemen, who used to be called reporters. The news now is pure, with the business pages as enthusiastic and efficient conductors for analysts and other cheerleaders of the downsizing of the American middle class. News of Wall Street, by Wall Street and for Wall Street.

Here is more good news on the competitiveness, productivity, downsizing front:

• The average chief executive in American corporations now makes 149 times the average factory worker's pay.

• The average pay rise was

30 percent last year for the 23 CEOs whose corporations axed the most American jobs.

• The corporate share of American income taxes has dropped from 23 percent of the total at the end of the 1950s to 9.2 percent now.

• The median earnings of the 2 million American men between 45 and 54 with four years of college fell in constant dollars from \$55,000 in 1972 to \$41,898 in 1992.

• Eighteen percent of American workers with full-time jobs have earnings below the official poverty level.

• Since 1973, the number of American children growing up in poverty has increased by 50 percent.

Most of those numbers are from Richard J. Barneet of the Institute for Policy Studies in Washington, author of "Global Dreams: Imperial Corporations and the New World Order." Mr. Barneet, who might be called a "lefty" if anyone remembered the word, would obviously never make it at Smith Barney.

Nor would he make it in new American politics. Of the 2 million middle-aged college graduates with declining real income, all but 150,000 are white men — which explains something about the ironies of

last month's midterm elections. Most of those poor fools apparently believe that the problem is Bill Clinton.

Their problem, as defined by Mr. Barneet, is this: "Corporate executives disavow any special relationship to the United States and its people... They are walking away from the enormous public problems that their private decisions create for American society."

It is, in fact, not even a problem anymore for Mattel or for Disney that those angry white men are not going to have much money to spare to buy toys for the grandchildren (Michael Eisner, the chairman of Disney, made \$215,911,000 as the company flourished through the last three years.) Cheered on by analysts, corporations that were born in the U.S.A. are now more interested in new markets, particularly Asian markets.

Asia is, for instance, the future for U.S.-based hard liquor and tobacco industries, the latter operating on government subsidies paid by the white men who think Newt Gingrich and Jesse Helms are on their side.

Happy Holidays. Wait till next year. You can count on more good news for Smith Barney and the people who brought us Barbie.

Universal Press Syndicate.

When Russians Are Losing the Will to Live, It's Time for a New Deal

By Gennadi I. Gerasimov

ALLENTOWN, Pennsylvania — The Russian government has given the people a holiday present. On Jan. 1, the minimum wage will rise to a paltry \$14 a month. The government's promise is that the country will be back on the economic track in three years.

No wonder an opinion poll last month showed that 73 percent of the people do not trust the government — indeed, are afraid of it. And no wonder an apparent death wish, signified by a rise in suicides, is spreading across Russia — a macabre indicator that the economic revolution has taken a terrible turn.

According to today's statistics, which seem trustworthy, in the past two years 100,000 Russians have killed themselves. The suicide rate in 1993 reached 38 per 100,000 people, up from 26.5 in 1991. The rate in the United States is 12 per 100,000. Overall, 2.2 million Russians died in 1993 — 360,000 more than in 1992. Deaths

exceeded births by nearly 800,000 in 1993, a time when there was no war, plague or famine.

Life expectancy during the final years of the Soviet period was 64.5 years for men, 74 for women. Today's figures are 58.5 for men, 68.5 for women. By contrast, life expectancy for American white males is 72.7 years, for white women 79.4. What's going on?

Ella A. Pamiolova, a former minister of social security, becomes emotional when she talks about fathers committing suicide because they cannot provide their children with food and shelter.

Many families can no longer afford to set aside money for funerals. Some bereaved families rent coffins, which have to be returned the day after the burial. While the death rate soars, the birthrate is plummeting. In 1987, 2.5 million babies were born in the Russian Federation; in 1993

the number was 1.4 million.

In developed countries, births may decline as a result of access to birth control and higher standards of living, which provide material benefits that married couples may prefer to children. But the current drop in Russia is too steep to be explained away. The bald fact is that children are becoming a luxury that many families simply cannot afford.

To combat this growing sense of desperation and despair, the country needs to replace President Boris Yeltsin and his promises with the Russian equivalents of Franklin D. Roosevelt and his New Deal.

Many of the most outspoken supporters of economic reform question the efficacy of Adam Smith's "invisible hand" that regulates the free market. Rather, they wonder if a helping hand of the kind provided during Roosevelt's early administrations wouldn't be preferable.

The two need not be mutually exclusive. They certainly are not in the United States, whose example of free enterprise combined with federal and state safety nets should be followed by Russia.

Post-Communist Russia is being built with the bricks of capitalism — free enterprise, private property, convertible currency. But we have neglected the mortar of social programs that help hold the bricks together. The resulting structure is shaky and in danger of collapse.

To keep the new Russia together, we must supplement market reform with a kind of New Deal to soften the excesses of laissez-faire capitalism. If we don't, the birth pains of reform will become a death rattle.

We need a type of Works Progress Administration to put people to work building roads and otherwise redeveloping our antiquated infrastructure.

We need a Civilian Conservation Corps to save many regions from ecological disaster.

We need a Home Owners Loan Corporation to ease crowded living conditions.

The U.S. economy had hit bottom during the Great Depression, yet Franklin Roosevelt found the money to finance those programs. In Russia, the state owned everything, and even today much of its wealth — in land, natural resources, military industry convertible to civilian use — can yield rubles to finance social reforms.

In addition, it is time to finally establish honest rules of the game — to stabilize our erratic legal system and tax codes and make our laws more rational and enforceable. For example, the state collects only 60 percent of the taxes it imposes. This is intentional, I suspect. It helps

the elite add money to power. Like his model, a Russian Roosevelt would be a committed capitalist who is not blind to the pain of the electorate.

The precedent is there: Russia has long experimented with new ideas — from Peter the Great to Lenin to Gorbachev to Yeltsin. And a New Deal would take the wind out of the sails of critics of the government whose nationalist and populist messages are so tempting to a people in pain.

The irony of history is that to succeed with capitalism, Russia must borrow a little "socialism" from the United States.

The writer, spokesman for Mikhail S. Gorbachev when he was president of the Soviet Union, is a visiting professor of political science at Muhlenberg College. He contributed this column to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: The Turkish View

ROME — [From a special correspondent:] Armenian "atrocities" have begun to be made much of in the Italian papers, and there is a great deal of talk about freeing Christians from "the Mohammedan yoke" and so forth. As I thought that the *Herald Tribune* like to have "the other side," I went to the Turkish Embassy here and from information I received there I was forced to the conclusion that the real object of those who started the agitation was to excite public opinion against Turkey. Exaggeration, pure invention, lies — were some of the words adopted to describe the methods used.

1919: War on Cigarettes

NEW YORK — The Presbyterian Church has begun a movement for the world-wide abolition of

the cigarette. It has also set aside \$50,000 to support the fight against foreign brewers and distillers, and is sending the Rev. John Steele, the associate secretary of the Board on Temperance and Moral Welfare, to Great Britain to support the fight for prohibition. The cigarette, says the Board, has become firmly entrenched during the war, and is to be a special object of attack.

1944: Churchill Unhurt

ATHENS — Prime Minister Winston Churchill had a narrow escape last night [Dec. 27] when a shower of machine-gun bullets, apparently aimed at him and the party with him, chipped holes out of a wall barely thirty yards from where he was standing at the entrance to the British Embassy. A girl who was crouching close to a wall was reported to have been killed.



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U.S. Advertising Office: 63 Long Ave., London WC2E 2LT. Tel. (44) 181 636-4802. Fax: (44) 181 240-2254.
N.A. in capital of U.S.: 200000 F. RCS Nummer B 23202129. Communique Paritaire No. 61337.
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HEALTH / SCIENCE

What Did In Dinosaurs?

One, Two Knockout Punch Gains Credence

By William J. Broad
New York Times Service

NEW YORK — In the last decade or so two main schools of thought have clashed furiously over the question of what did in the dinosaurs. One school holds that a massive object from outer space slammed into the Earth, kicking up a worldwide pall of dust that blotted out the sun and killed off many plants and animals. The other school prefers to seek the cause of the global mayhem in natural processes like big volcanic eruptions.

Each side has accumulated a lot of evidence to support its case, though lately the advocates of an asteroid collision seem to have had the upper hand. Now, however, an elegant theory has been proposed that neatly combines both conflicting ideas into a single mechanism.

It posits that a speeding rock from outer space, exploding on collision with the force of millions of hydrogen bombs, would have shot gargantuan shock waves through the Earth. The waves would have coalesced at the side opposite to the impact crater, an area known as the antipode, breaking the ground there and heating it and triggering huge volcanic outflows. Both the impact and its repercussions in the other hemisphere, the theory goes, would have contributed to the mysterious decline of the dinosaurs and many other species some 65 million years ago.

Antipodal volcanism, as the theory is sometimes called, was first discussed in relation to the dinosaurs in the early 1990s and is now taking on new weight as computer modeling begins to suggest its plausibility and as planetary scientists keep finding apparent examples of it in the heavens.

Dr. David A. Williams and Dr. Ronald Greeley of Arizona State University recently reported in the journal *Science* that the largest impact basin on Mars, Hellas Planitia, is antipodal to Alba Patera, an eruption that sprawls for nearly 1,000 miles (1,600 kilometers) across the Martian surface and is the largest volcano in the solar system.

Moreover, they calculate that the impact's reverberations at the antipode were strong enough

to tear open fractures more than 10 miles deep, perhaps helping to trigger a titanic flow of lava. As for the Earth, a team of scientists at the Sandia National Laboratory in Albuquerque, New Mexico, recently used a powerful computer to simulate the damage a speeding asteroid some six miles in diameter — the estimated size of the dinosaur killer — would have wrought at the impact's antipode.

They discovered that the crust there would have heaved as high as 60 feet (18 meters) in a series of catastrophic tremors. In comparison, the ground at the great San Francisco earthquake of 1906 moved a few feet at most.

"The Earth acts like a lens," said Dr. Mark B. Boslough, a Sandia physicist who is leading the simulation effort. "It focuses the energy. There has been a lot of speculation about this in relation to asteroid impacts and volcanic eruptions, but we've done the first rigorous modeling to show where the energy actually goes."

Dr. John T. Hagstrum, an early advocate of the theory who works at the U.S. Geological Survey in Menlo Park, California, cautioned that antipodal volcanism was far from proved.

"It explains a lot of coincidences," Dr. Hagstrum said. "I think it has merit. But it could fall flat on its face. Right now, I'm waiting for the smoking gun. I'd call the whole thing intriguing."

THE idea that a doomsday rock did in the dinosaurs was first proposed in 1980 by Dr. Walter Alvarez, a geologist at Berkeley. He and his colleagues had found unusually large amounts of the rare metal iridium in sediments laid down about the time the dinosaurs died out, at the end of the Cretaceous period. They proposed that the iridium came from a cosmic catastrophe.

A weak link in the theory was the lack of a crater of the correct size and age. But then scientists identified a giant scar more than 100 miles across on the northern edge of the Yucatan Peninsula in Mexico, long buried by erosion and sedimentation. It is now the leading candidate for the impact crater.

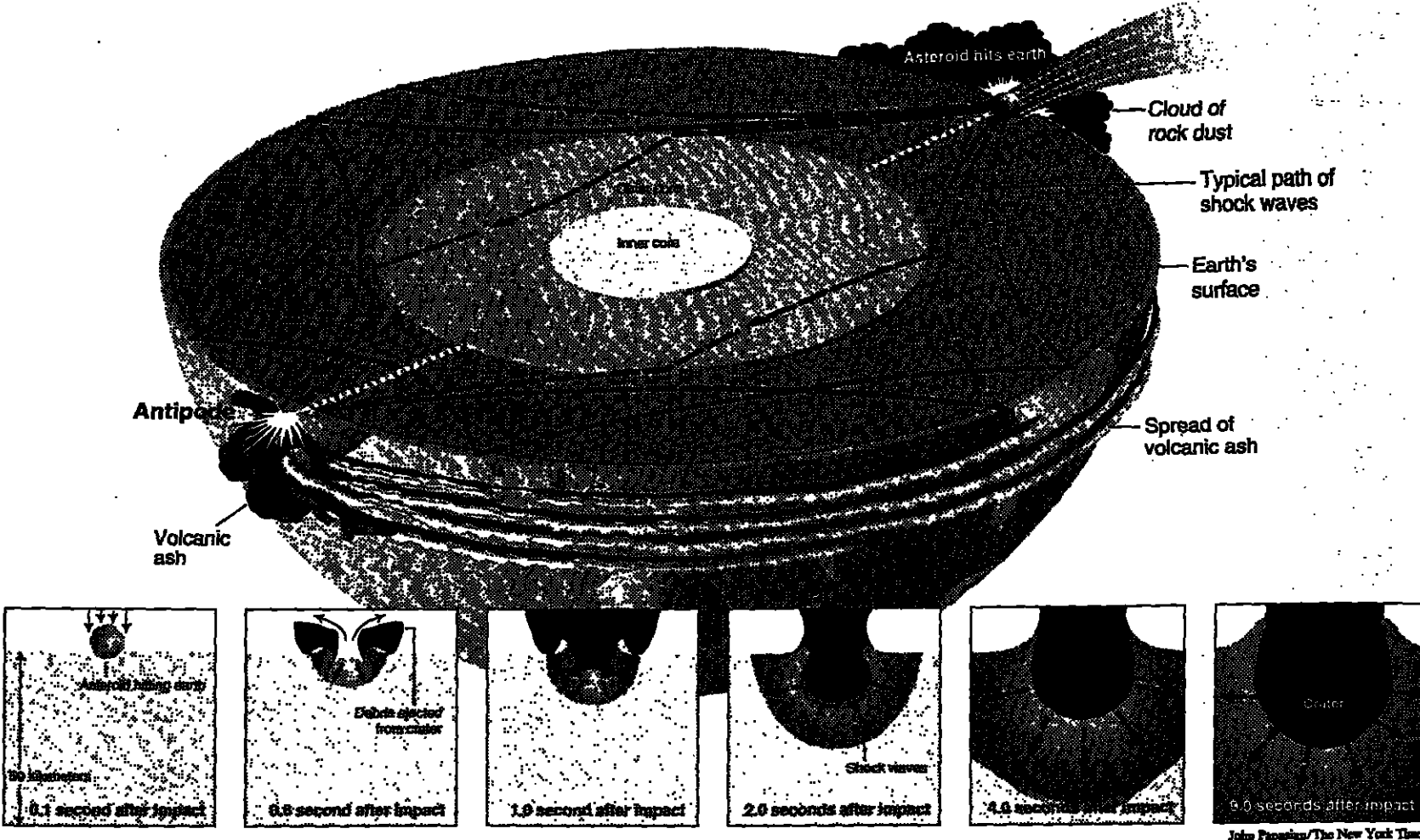
New Extinction Theory: Double Jeopardy

Some scientists now theorize that the consequences of both a meteorite impact and a great volcanic eruption were to blame in the extinction of the dinosaurs 65 million years ago. A cross section of the earth shows scientists' simulation of possible patterns of shock reverberations from the impact of a large, high-speed object hitting the surface. The earth, acting like a lens, refocuses the energy on a line drawn through the corresponding point at the

opposite side, or antipode. The scientists conjecture that the great energy of these reverberating shock waves, taking about 80 minutes to reach the antipode, could have set off a great volcanic event there. Below, a schematic representation of the effects of impact of an asteroid 10 kilometers (about 6 miles) across, in the first seconds after the impact. The impact itself would have produced sun-obscuring clouds of debris, while the

volcanic eruptions would have released an aerosol of chlorine, sulfur dioxide and carbon dioxide and a cloud of deadly ash and debris, severely disrupting the atmosphere. The result could have spelled doom for the dinosaurs and many other species.

Sources: Dr. M. B. Boslough, et al./Sandia National Laboratories



IN BRIEF

U.S. Agency Approves Lung Cancer Drug

WASHINGTON (AP) — The U.S. Food and Drug Administration has approved a new drug, Navelbine, that increases the lifespan of patients suffering from incurable lung cancer. The drug, a semisynthetic derivative of the vinca flower family, prevents cancer cells from multiplying by fusing together an integral part of the cancer's internal skeleton, said Dr. John Hohnke, an oncologist from Burroughs Wellcome Co., the drug's developer.

Weight Training Can Help Avoid Fractures

CHICAGO (AP) — Forty minutes of intensive weight training twice a week can help older women avoid the devastating hip and spine fractures that are linked to thinning bones, researchers said. The findings, which were published in *The Journal of the American Medical Association*, show that post-menopausal women who followed this regimen for a year built up their bones, increased the size and power of their muscles and improved their balance.

Doctors in Nepal Conquer New Strain of Diarrhea

By Daniel Goleman
New York Times Service

KATMANDU, Nepal — This is a tale of the little clinic that could. It involves a tainted head of lettuce in the refrigerator of a British diplomat and a newly discovered disease that afflicts travelers around the world.

The disease begins with severe diarrhea, nausea and stomach cramps, then progresses to weeks of debilitating fatigue and loss of appetite. Victims routinely lose as much as 15 to 20 pounds (6.8 to 9 kilos). Travelers to warm climates seem particularly susceptible.

The disease perplexed physicians at Cook County Hospital in Chicago, where an outbreak in 1989 was the first reported in medical literature. It puzzled epidemiologists at the federal Centers for Disease Control and Prevention in Atlanta, who over the next several years gathered reports of outbreaks from countries as diverse as

Morocco, Peru and New Guinea, and among AIDS patients in the United States.

And it mystified the doctors at a small clinic in Katmandu, where some members of the medical staff and their families came down with the disease. So did 40 percent of Peace Corps volunteers one year as they trained for stints in Nepal and 9 percent of the 250-member American diplomatic community here. During the warm months, the disease accounts for up to 25 percent of all traveler's diarrhea cases treated at the clinic.

No one knew what caused the disease, how people got infected or the cure. But the main answers were all to come from the Cwec Clinic here.

"The definitive work has been done here," said Dr. Robert Scott, an infectious disease specialist with the Armed Forces Research Institute of Medical Science. Based in Bangkok, Dr. Scott was at the clinic to plan a vaccination trial for a virulent form of *E. coli* bacteria that is the most common cause of traveler's diarrhea.

An early clue to the cause of the new disease

came in 1989, when Ramachandran Rajah, the head of the clinic's medical laboratory, noticed what at first looked like a bit of pollen in stool specimens of patients with the disease.

"Rajah was seeing an unusual organism in samples from patients who all complained of extreme fatigue, poor appetite and weight loss, indigestion and diarrhea," said Dr. Gregory Rebold, a physician at the clinic. "But this was not the usual traveler's diarrhea — these people just didn't get any better. It went on for weeks and weeks, and showed no signs of the usual causes: no bacteria, no giardia, no amoeba. This disease was a new entity."

The organism resembled cryptosporidium, the protozoan that gained notoriety last year by infiltrating the Milwaukee water supply, causing an epidemic of stomach ailments and possibly contributing to 40 deaths. But the new organism was twice the size and fit no known description. "It was a curiosity," said Dr. Rajah.

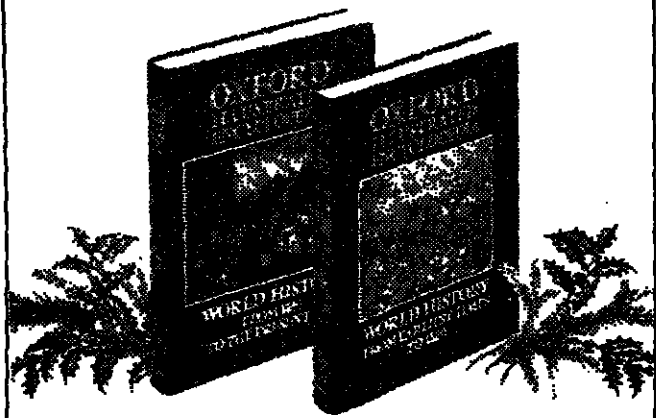
Dr. David Shlim, director of the clinic, sent a slide of the mysterious organism along with de-

scriptions of the disease to Dr. Earl Long, a microbiologist at the CDC, where the same organism had been identified with the outbreak at Cook County Hospital. Traveling to Katmandu to investigate, Dr. Long isolated the organism on a head of lettuce in the refrigerator of a British diplomat who had come down with the disease. "The group in Katmandu was the first to define the disease associated with the organism," he said.

In 1993 a report in *The Lancet* told of an AIDS patient with cyclospora who responded to treatment by Bactrim, an antibiotic once routinely used to treat diarrhea but in recent years abandoned because most organisms that cause diarrhea had become resistant to it.

With that report in mind, and under the leadership of Dr. Charles Hoge, an epidemiologist at the Armed Forces Research Institute of Medical Science in Bangkok, Dr. Shlim and the other physicians at the clinic conducted a carefully designed trial of Bactrim and those infected with cyclospora. The medication worked; the results will be published early next year in *The Lancet*.

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Herald Tribune

BRIDGE

By Alan Truscott

A suitable gift for any bridge player is a magazine subscription. There are six major English-language magazines, all of which have tournament reports and technical articles.

European Bridge — 65 years younger than *The Bridge World* and *Bridge Magazine* — first appeared in October, with 26 contributors from 15 different countries. *The Bridge World* and *Bridge Magazine* can be ordered from *The Bridge World*, 39 West 94th Street, New York, New York 10025. European Bridge can be ordered from *Munksgaard* 12 D, N-3110 Tonsberg, Norway.

One contributor was Berry Westra, a Dutchman who won the world team title in Chile 15 months ago. He invited readers to solve the problem of the trump queen on the diagrammed deal.

Cover the East-West hands, and plan the play in four hearts. The spade nine is led, and East takes the queen and ace. He shifts to the diamond four, and you play the ace, on which West drops the jack. What now?

Both opponents have passed, so neither is likely to have more than 11 high-card points. East's spade play indicates that he began with A-K-Q. He must have the king or queen of diamonds, since West would have led that suit with a K-Q-J holding.

So East began with at least 11 high-card points in spades and diamonds. If he had the heart queen he would have opened bidding, so South must play West for that card.

NORTH
♠ 10 5
♥ K 10 2
♦ 10 5 3
♣ A Q J 8 7

WEST (D)
♠ 8 7 6 3 2
♥ Q 8 7
♦ K J
♣ 10 3

SOUTH
♠ 4
♥ A 10 5 4 3
♦ A 8 6
♣ K 5

Both sides were vulnerable. The bidding:
West Pass East Pass
Pass 2♥ Pass 1♥
Pass 3♥ Pass 1♥
Pass Pass Pass
West leads the spade nine.

BOOKS

THE RUIN OF KASCH

By Roberto Calasso. Translated from Italian by William Weaver and Stephen Sartarelli. 385 pages. \$24.95. Harvard University Press.

Reviewed by Steven Moore

TEN years ago I attended a lecture by the Italian literary theorist and novelist Umberto Eco that began with a simple thesis that grew progressively more complicated as he took us on a whirlwind tour of his encyclopedic mind. Just when the argument was off in some Ultima Thule of a sub-discussion, seemingly leagues away from his starting point, Eco suddenly, like a magician tapping on a knot, pulled his line of reasoning free and all became clear. His countryman Roberto Calasso performs a similar feat in his new book, an intellectual tour de force that

begins and ends with a consideration of Talleyrand's place in European intellectual history but includes just about everything imaginable in between.

Calasso's previous book in English translation, last year's "Marriage of Cadmus and Harmony," was a hybrid of Greek mythology and cultural analysis. His new book (though written earlier than "The Marriage") is a similar hybrid of history, economics, anthropology, theology, metaphysics and philosophy, with digressions into everything from Vedic mythology to literary criticism. It doesn't resemble a straightforward study in any of those fields; instead, Calasso strings together hundreds of anecdotes and quotations (cited in 25 pages of notes at the end) along with his own annotations and observations. The result resembles such awesome compendiums as Frazer's "Golden Bough," Burton's "Anatomy of Melancholy" (and closer to our own time) Norman O. Brown's "Love's Body" or Robert K.

Merton's "On the Shoulders of Giants."

In "The Ruin of Kasch" one finds material from the "Rig Veda" and "Upanishads," through Sade, Balzac, Melville, Marx, Frazer, up to Kafka and Simone Weil. (When was the last time you read a book that discussed Porphyry's "De Abstinentia" and cited the "Laws of Manu" on the same page?) There are discussions of fascinating but little-known figures. Curious anecdotes and asides abound.

The challenge is to follow the arguments through ever-widening circles of digression. Calasso is concerned with the civilization's movement from ancient modes of thinking to modern, specifically with that period when what literary critics call the meta-narrative of Western culture broke down. Up until just before the French Revolution, civilization was still functioning according to ancient patterns: kingship, a God-centered universe, tradi-

tional notions of law and sacrifice and so on. After the French Revolution, everything was questioned and convention lost force. That decisive break is Calasso's concern, along with the chief factors that led up to it and the attempts by 19th-century writers and philosophers to create a new meta-narrative for the future. (Marx and Engels came up with one such narrative, a poorly contrived scenario that Calasso discusses at some length, and whose concluding chapter still lay in the future when he published the Italian version of this book in 1983.)

Calasso found a parable of Western civilization's transition from the ancient to the modern in the story of the fall of Kasch, a legendary African kingdom. Taken from Leo Frobenius's "Atlantis," it is a marvelous "Arabian Nights"-like tale of a storyteller who disrupts the kingdom's traditional rituals and observances and inadvertently sows the seeds of destruction. Obvious to all but fundamen-

talists, we cannot return to ancient ways, but modern ways have yet to provide a meaningful structure to our lives, or so Calasso seems to suggest. I use "seems" because "The Ruin of Kasch," for all its polymathic brilliance, offers not a coherent argument but something more like lecture notes for a yearlong course, notes that would be contextualized in delivery. Though clearly a work of non-fiction, it perhaps needs to be

read as though it were a demanding but brilliant encyclopedic novel, something along the lines of Gaddis's "Recognition" or Coover's "Public Burning" — in other words, something resembling the most intriguing and enlightening books of our time.

Steven Moore, senior editor of the *Review of Contemporary Fiction*, wrote this for *The Washington Post*.

WHAT THEY'RE READING

• Shere Hite, the feminist writer, is reading "Frida Kahlo, 1907-1954, Pain and Passion" by Andrea Kettenmann. "Her life is chronicled through her paintings and there are clues about her emotional state in each image. She really says a lot about women through her paintings and the book has wonderful color illustrations. I identify a lot with her."

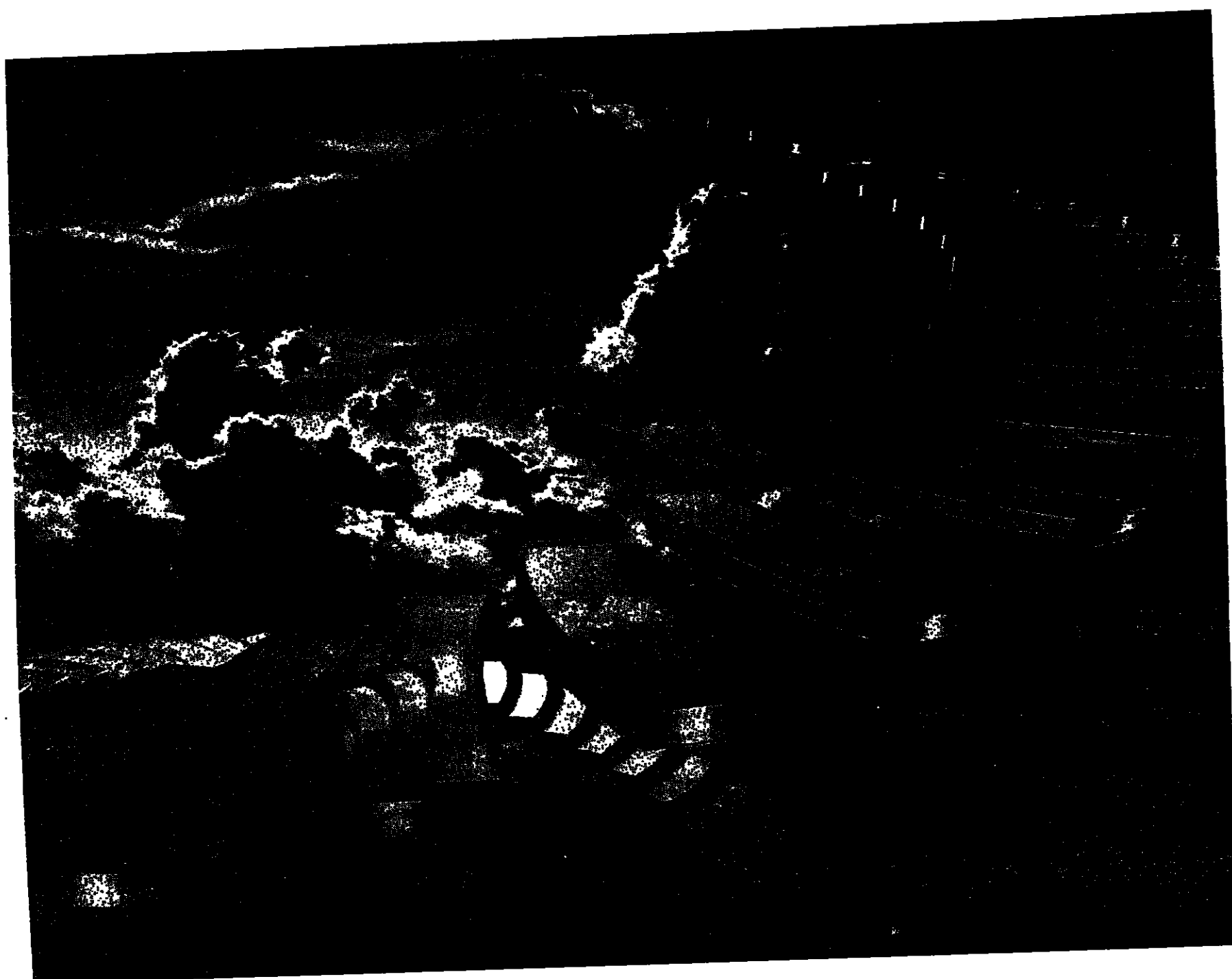
(Marcelle Katz, IHT)



For information on how to list your fund, fax Catherine de VIENTE at (33-1) 46 37 21 33.



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"A sharp decline in financial charges achieved thanks to ongoing economic and financial consolidation is the clear result of a policy based on rational and integrated organization, further strict cost reduction measures and carefully selected large-scale economies in order to become competitive in a free market".

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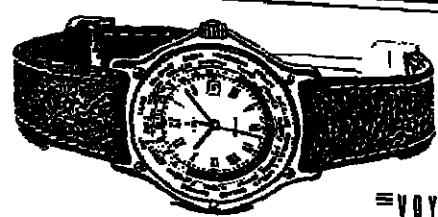
	30.06.94	31.12.93*
REVENUES (BILL)	14.276	23.404
ADDED VALUE (BILL)	11.345	18.164
ADDED VALUE / REVENUES (%)	79,5	77,6
GROSS OPERATING MARGIN (BILL)	7.994	12.327
GOM / REVENUES	56	52,7
OPERATING PROFIT (BILL)	3.136	3.796
NET FINANCIAL CHARGES / REVENUES (%)	5,3	9,8
PROFIT BEFORE TAXATION (BILL)	2.175	1.741
INVESTMENTS (BILL)	3.680	7.963

* 1993 FIGURES REFER TO MERGED COMPANY SIP

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VOYAGER

FINANCE

International Herald Tribune, Thursday, December 29, 1994

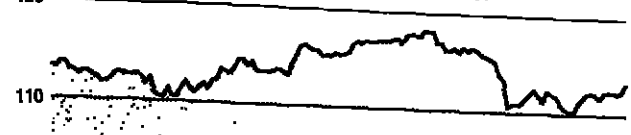
Page 9

EBEL

the architects of time

THE TRIB INDEX: 113.31

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



World Index
12/29/94 close: 113.31
Previous: 112.35

Asia/Pacific
Approx. weighting: 32%
Close: 126.80 Prev.: 126.22

Europe
Approx. weighting: 27%
Close: 116.10 Prev.: 114.57

North America
Approx. weighting: 25%
Close: 96.99 Prev.: 97.21

Latin America
Approx. weighting: 5%
Close: 106.32 Prev.: 100.89

Miscellaneous
Approx. weighting: 11%
Close: 118.81 Prev.: 118.81

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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World Hits a Non-OPEC Gusher

Analysts See Years of Strong Output Outside Cartel

By Allen R. Myerson
New York Times Service

DALLAS — Oil production by non-OPEC nations, after declining since 1988, began an unexpected revival this year that is expected to continue into the next century, tempering price increases and limiting the world's dependence on the oil cartel.

Already, the rise in supplies from oil fields beyond the Organization of Petroleum Exporting Countries' domain has helped keep prices low despite booming demand and production quotas set for OPEC members.

New technology, improved corporate efficiency and the opening to exploration of vast new areas, energy analysts say, promise to raise non-OPEC production 6.5 percent by 2000.

On the North Slope of Alaska, new discoveries and modern techniques for getting oil from existing wells have kept oil flowing at rates nearly two-thirds higher than the state predicted.

In China, Vietnam and Russia, Western exploration and production crews are swarming to areas that were long closed to foreign investment.

In the North Sea, fields thought to be entering their dotage after 25 years of pumping are producing 20 percent more oil than last year, helped by lower production costs and new discoveries.

For the first time since 1988, output from non-OPEC nations will increase

this year, to about 39.1 million barrels, up 600,000 from last year, according to the consulting firm Cambridge Energy Research Associates. OPEC itself recently confirmed this turnaround and predicted its continuation.

"The non-OPEC production increase," Dr. Subroto, OPEC's former secretary-general, said in a recent speech, "changes the rules of the game."

Although more oil still comes from countries outside OPEC than from the

12 countries in it, the cartel's coordination, vast reserves and spare capacity, especially in Saudi Arabia, have given its members disproportionate influence.

Its other members are Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, the United Arab Emirates and Venezuela. Iraq has been banned from the oil market since it attempted to annex Kuwait by force in 1990.

In the late 1980s, nonmembers rebuffed OPEC's suggestions of cooperation on pricing. By 2007, however, the cartel expects to be producing a majority of the world's oil.

There are no guarantees that increased production will keep prices stable. More Russian or Middle East turmoil, or especially rapid growth in global demand, could still create shortages. In the long run, the largest portion of the world's increasing thirst for oil can only be met by OPEC.

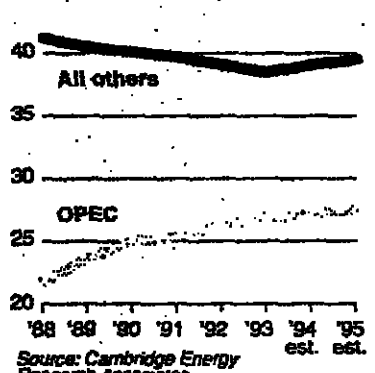
But for next year, the International Energy Agency of oil-consuming nations predicts that more than half the world's increased demand of 1.1 million barrels a day will be met by producers who do not belong to OPEC.

That contrasts remarkably with the outlook a few years ago. The consensus of industry executives and analysts in 1990 was that oil, then priced at around \$20 a barrel, would go to \$30 by 1995 on

A Revival at the Rigs

World oil production, including crude oil and associated liquids.

45 million barrels a day



Source: Cambridge Energy Research Associates

See OIL, Page 10

China Warns of Trade War With U.S.

Compiled by Our Staff From Dispatches

WASHINGTON — The United States expects to name at least \$800 million in Chinese products Friday that could be slapped with trade sanctions, but China warned of a trade war if the U.S. toughened its stance.

A spokeswoman for the U.S. trade representative, Mickey Kantor, said no further talks were scheduled with China before the Dec. 30 deadline for a settlement of the dispute over unauthorized Chinese copying of American products.

The Xinhua news agency quoted an official as saying "any attempt to impose sanctions or

to retaliate would not do any good and that a tougher stance could only lead to a trade war."

The United States broke off talks with the Beijing two weeks ago, charging that China was not negotiating seriously. Since then, the Chinese government-controlled media has attacked the U.S. for its demands, singling out one negotiator, Lee Sands, for alleged "arbitrary" and "meddling" behavior.

But Wednesday, the Chinese media appeared to take a more conciliatory tone, with a commentator for People's Daily, a newspaper of the ruling Communist Party, saying Mr. Sands

had left abruptly, bringing the talks to a screeching halt.

"In spite of the frictions, development remains a part of the mainstream of Sino-U.S. economic and trade ties," he said.

The proposed sanctions will not take effect before the end of January, at the earliest, and during that month, more talks between the U.S. and China are expected.

Prime targets for punitive tariffs by the U.S. include shoes, toys, sporting goods, clothing, radios and suitcases made in China. These products make up a large part of China's

export trade with the United States, which is already running at a record level of \$32.4 billion through October.

The \$800 million of products on the retaliation list is about equal to the damage American companies claim they suffer annually because of China's failure to enforce the copyright portion of a 1992 agreement with the United States to prevent intellectual property violations. Patent and trademark violations could increase the value of the list several hundred million dollars.

(Bloomberg, Reuters)

Dollar Suffers As Aid Rumors Benefit Mexico

By Lawrence Malkin
International Herald Tribune

NEW YORK — Mexico's financial markets bounced up but the dollar was caught in the backwash on Wednesday as the new Mexican government allowed short-term interest rates to rise above 30 percent while trying to draw up an economic policy to restore investor confidence.

The United States and the International Monetary Fund were reported to be advising President Ernesto Zedillo Ponce de Leon's government on a possible austerity package backed by an emergency line of credit of at least \$10 billion in addition to the \$7 billion already agreed upon to stabilize the currency earlier in the year.

As rumors of a possible rescue package spread in the currency markets, nervous traders marked down the dollar against European currencies while the Mexican peso strengthened.

The dollar lost almost three pence against the Deutsche mark, its biggest one-day drop in five months, and the peso — which had lost nearly 40 percent against the dollar in a week — rebounded against the U.S. currency.

At the close, a dollar bought 4.90 pesos, compared with 5.65 pesos at Tuesday's close. That amounted to a 15 percent gain in the peso's value on the day.

With trading thin everywhere in the week between Christmas and New Year's, movements in all financial markets were as exaggerated on the way up as they were on the way down.

But the change in direction resulted from the first clear sign that the Mexican government was prepared to take painful measures to defuse the crisis.

That came in Wednesday morning's auction of 28-day Treasury bills, known as Cetes,

which set the wholesale cost of money for banks. With demand weak from frightened investors, prices fell and interest rates were bid up to 31 percent, roughly double the rates before last week's devaluation of the peso set off the current crisis.

Later in the day, traders pushed up same-day rates to 34 percent, a premium intended

See DOLLAR, Page 10

Japan's Surplus Surges, Ending A 4-Month Drop

Compiled by Our Staff From Dispatches

TOKYO — Japan's current account surplus in November increased 15.4 percent from the year-earlier month, to \$9.7 billion, reversing four months of declines, the Finance Ministry said on Wednesday.

The surplus on merchandise trade alone grew at a faster pace, 20.3 percent, to \$10.9 billion, as the yen rose 10.7 percent against the dollar.

An official of the ministry said the rise was only "temporary," attributing the November result to seasonal factors.

The rise in the current account surplus, the first year-on-year jump since June, threatened to put pressure on Japan in trade disputes with the United States, but a Finance Ministry official insisted the basic trend was still downward.

Separately, Sozaburo Okamatsu, who stepped down as a deputy minister at the Ministry of International Trade and Industry, said the United States and Japan would restart framework trade talks on the automotive sector "soon."

(AFP, Knight-Ridder)

INTERNATIONAL MANAGER

Upturn for Metall in '95: What Else?

By Brandon Mitchener
International Herald Tribune

FRANKFURT — For Rainer Lepper, chairman of the in-house workers council at Metallgesellschaft AG, 1995 almost has to be better than this year.

"I had the worst job anyone can imagine in 1994," Mr. Lepper said. "We had to get rid of 600 people without firing anyone. The management gave the direction, but we did the dirty work."

Despite indications that some of Metallgesellschaft's creditors are balking at proposals for a reverse stock split — the follow-up to a yearlong, \$4 billion Deutsche mark (\$2 billion) bailout — Mr. Lepper as well as the company's management and a growing number of analysts say they are convinced the worst of the company's trials are over.

"You can't abort a restructuring that's 99 percent completed because of the remaining 1 percent," Mr. Lepper said in an interview.

The reduction of staff at its Frankfurt headquarters was just part of a complex, costly restructuring that altered Metallgesellschaft from a metals, mining and metalworking company that was Germany's 14th-largest industrial business to a much slimmer company focused on chemicals, plant construction, metals trading and financial services.

As a result of having sold or spun off substantial industrial holdings, Metallgesellschaft says it expects an operating profit for the year ending Sept. 30, 1995.

When the company meets with its more-than-40 creditor banks in January,

Chairman Kajo Neukirchen will tell them the company — on the brink of bankruptcy about a year ago after stunning investors with what a 2.3 billion DM loss on oil futures trading — is on a sound financial footing and would be able to pay its debts if it could finish its restructuring first.

"This company is no longer comparable with the one you knew before," Mr. Neukirchen said in November, when he announced a 2.7 billion DM loss for the

'You can't abort a restructuring that's 99 percent completed because of the remaining 1 percent.'

Rainer Lepper, head of Metallgesellschaft's workers council

year ended Sept. 30. "Through divestments, spinoffs and restructuring we've succeeded in fashioning a new company with a safe future."

Some creditors who remember hearing the same promise last year, however, are demanding more substantial assurances.

Though the company's bankers declined to comment, industry sources say several American and French banks, including Chemical Bank in New York as well as Société Générale and Banque Nationale de Paris, want the company's German creditors — many of whom are

also shareholders — to bear more of the financial burden.

"Everybody's very upset about the restructuring, and the German banks' handling of the whole thing," said one source who spoke on condition of anonymity, referring to Deutsche Bank AG and Dresdner Bank AG, which are Metallgesellschaft shareholders and lead the consortium of creditors.

Reuters quoted one Swiss banking source as having said Metallgesellschaft was suffering from "over-restructuring."

But while an air of déjà vu is unmistakable — many banks also balked in January, when the extent of the oil-trading loss that led to the company's financial problems became apparent — this time Metallgesellschaft's German creditors are determined to see it through. "We're all agreed this time," said one German bank source.

Rather than block the planned capital write-down entirely, the company's foreign creditors are hoping to get better terms from Deutsche Bank, Dresdner Bank and others that would face a greater embarrassment if the company's recovery were to stall, analysts said.

"In the last resort, Deutsche, Dresdner and the other big shareholders will have to pick up more of the tab," said Peter Dupont, an analyst at UBS Phillips & Drew in London, describing the public criticism ahead of the creditors meeting as "politicizing."

"There's a view kicking around," he said, "that the money from the disposal

See METALL, Page 11

CURRENCY & INTEREST RATES

Cross Rates									
	US\$	DM	FF	Yen	£	A\$	S\$	HK\$	NT\$
London (a)	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Frankfurt	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Paris	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Switzerland	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Japan	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
South Africa	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Canada	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
India	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
China	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Other	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36

Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	1 month	3 months	6 months	1 year	1 month
London	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Frankfurt	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Paris	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Switzerland	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Japan	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
South Africa	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Canada	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
India	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
China	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Other	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8

Key Money Rates									
	US\$	DM	FF	Yen	£	A\$	S\$	HK\$	NT\$
London	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Frankfurt	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Paris	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Switzerland	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Japan	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
South Africa	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Canada	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
India	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
China	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36
Other	1.00	1.63	6.55	163.60	0.75	0.67	103.76	7.76	36.36

Herald Tribune

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Source: 1 VITA Survey '92 / '93. * Reader Survey '94.

MARKET DIARY

Dollar's Sharp Fall Drags Stocks Down

Bloomberg Business News

NEW YORK — U.S. stocks fell Wednesday for the first time in five days, buffeted by a plunging dollar and a bond market slump. Oil and auto companies led the decline as a crisis of confidence in Mexico rippled through U.S. markets.

The peso's devaluation and doubts about the government's ability to repay billions of dollars of debt has raised concern about U.S. companies' ex-

posure in Mexico, said John Shaughnessy, director of research at Advest Inc.

U.S. Stocks

The Dow Jones industrial average fell 22.20, to 3,839.49, after being down as much as 35.33 points. The average had gained 94.54 points, or 2.5 percent, over the course of the previous four days.

Declining stocks outpaced advances by about 13 to eight on the Big Board, where 243.52 million shares traded hands, up from 211.18 million.

"What U.S. banks could be affected, what's the impact on auto companies and the retailers that just opened up in Mexico" are questions weighing on investors, he said.

DOLLAR: Caught in Backwash

Continued from Page 9

to keep money from flowing out of pesos into dollars. Interbank rates were close to 40 percent.

This show of determination to hang on to capital heartened the Mexican stock exchange,

Foreign Exchange

which gained more than 60 points, or almost 3 percent, on the peso's rebound.

Investors in other Latin American markets also seemed to get the message. Rising Mexican stocks were about the only strong play on Wall Street, and markets in Brazil, Argentina and Peru began recovering from this week's panic, although Argentina's dropped back after the central bank reported record dollar outflows.

Finance Minister Domingo Cavallo of Argentina flew to New York for talks with officials of the Federal Reserve Bank of New York, where he was expected to talk about arranging a credit line like Mexico's.

Any Mexican rescue package would have to strike a careful

balance, with enough domestic austerity to underpin the peso and satisfy the foreign investors who finance Mexico's growth but not enough austerity to anger Mexican workers.

Dollar Takes a Tumble

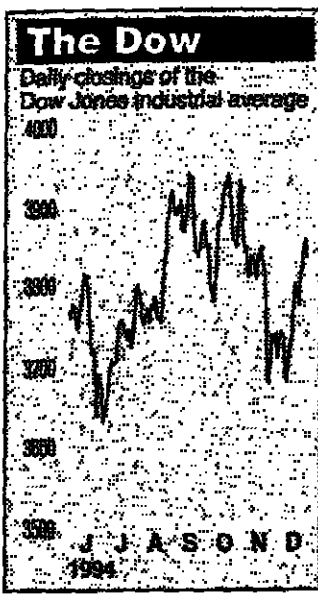
The dollar fell as Mexico's financial crisis spilled over into U.S. financial markets, news agencies reported.

After having held steady for hours, the dollar plunged more than three pence against the mark in a matter of minutes around 12:45 P.M. Eastern time. "This has everything to do with the peso," said Laurence Hayward, a trader at Laurence Bank of Texas in Houston.

The dollar ended at 1.5450 DM, off from 1.5758 DM on Tuesday, representing the dollar's biggest slide against the mark since July 11.

The currency also slipped to 99.25 yen from 100.30 yen, to 1.3040 Swiss francs from 1.3302 francs and to 5.3370 French francs from 5.4420. The pound rose to \$1.5670 from \$1.5455.

(Bloomberg, Reuters)



NYSE Most Active

Vol.	High	Low	Last	Chg.
Telcel	111.15	110.15	110.15	-0.10
Verizon	48.15	47.15	47.15	-0.10
WorldCom	31.15	30.15	30.15	-0.10
AT&T	21.15	20.15	20.15	-0.10
Time Warner	11.15	10.15	10.15	-0.10
Comcast	1.15	1.05	1.05	-0.10
News Corp.	1.15	1.05	1.05	-0.10
Disney	1.15	1.05	1.05	-0.10
Paramount	1.15	1.05	1.05	-0.10
Warner Bros.	1.15	1.05	1.05	-0.10
Universal	1.15	1.05	1.05	-0.10
TriStar	1.15	1.05	1.05	-0.10
20th Century Fox	1.15	1.05	1.05	-0.10
United Artists	1.15	1.05	1.05	-0.10
Warner Bros.	1.15	1.05	1.05	-0.10
Universal	1.15	1.05	1.05	-0.10
TriStar	1.15	1.05	1.05	-0.10
20th Century Fox	1.15	1.05	1.05	-0.10
United Artists	1.15	1.05	1.05	-0.10

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Microsoft	111.15	110.15	110.15	-0.10
Intel	48.15	47.15	47.15	-0.10
Oracle	31.15	30.15	30.15	-0.10
Sun Microsystems	21.15	20.15	20.15	-0.10
IBM	11.15	10.15	10.15	-0.10
HP	1.15	1.05	1.05	-0.10
Motorola	1.15	1.05	1.05	-0.10
Cisco Systems	1.15	1.05	1.05	-0.10
3Com	1.15	1.05	1.05	-0.10
Lucent Technologies	1.15	1.05	1.05	-0.10
WorldCom	1.15	1.05	1.05	-0.10
Verizon	1.15	1.05	1.05	-0.10
AT&T	1.15	1.05	1.05	-0.10
Time Warner	1.15	1.05	1.05	-0.10
Comcast	1.15	1.05	1.05	-0.10
News Corp.	1.15	1.05	1.05	-0.10
Disney	1.15	1.05	1.05	-0.10
Paramount	1.15	1.05	1.05	-0.10
Warner Bros.	1.15	1.05	1.05	-0.10
Universal	1.15	1.05	1.05	-0.10
TriStar	1.15	1.05	1.05	-0.10
20th Century Fox	1.15	1.05	1.05	-0.10
United Artists	1.15	1.05	1.05	-0.10

AMEX Most Active

Vol.	High	Low	Last	Chg.
Goldman Sachs	111.15	110.15	110.15	-0.10
JP Morgan Chase	48.15	47.15	47.15	-0.10
Bank of America	31.15	30.15	30.15	-0.10
Wells Fargo	21.15	20.15	20.15	-0.10
Citigroup	11.15	10.15	10.15	-0.10
First Union	1.15	1.05	1.05	-0.10
Bank One	1.15	1.05	1.05	-0.10
Capital One	1.15	1.05	1.05	-0.10
Discover	1.15	1.05	1.05	-0.10
Marriott	1.15	1.05	1.05	-0.10
Hyatt	1.15	1.05	1.05	-0.10
InterContinental	1.15	1.05	1.05	-0.10
Four Seasons	1.15	1.05	1.05	-0.10
Ritz-Carlton	1.15	1.05	1.05	-0.10
Waldorf Astoria	1.15	1.05	1.05	-0.10
Grand Hyatt	1.15	1.05	1.05	-0.10
Westin	1.15	1.05	1.05	-0.10
Marriott	1.15	1.05	1.05	-0.10
Hyatt	1.15	1.05	1.05	-0.10
InterContinental	1.15	1.05	1.05	-0.10
Four Seasons	1.15	1.05	1.05	-0.10
Ritz-Carlton	1.15	1.05	1.05	-0.10
Waldorf Astoria	1.15	1.05	1.05	-0.10
Grand Hyatt	1.15	1.05	1.05	-0.10
Westin	1.15	1.05	1.05	-0.10

Market Sales

NYSE	AMEX	OTC
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111
1,111,111	111,111	11,111

Dow Jones Averages

Index	High	Low	Last	Chg.
Dow Jones Industrial	3839.49	3839.49	3839.49	-22.20
S&P 500	1111.11	1111.11	1111.11	-11.11
NASDAQ Composite	2222.22	2222.22	2222.22	-22.22
AMEX Industrial	111.11	111.11	111.11	-11.11

Standard & Poor's Indexes

Index	High	Low	Last	Chg.
Industrial	1111.11	1111.11	1111.11	-11.11
Utilities	111.11	111.11	111.11	-11.11
Financial	11.11	11.11	11.11	-1.11
SP 500	1111.11	1111.11	1111.11	-11.11

NYSE Indexes

Index	High	Low	Last	Chg.
Composite	1111.11	1111.11	1111.11	-11.11
Industrial	111.11	111.11	111.11	-11.11
Utilities	11.11	11.11	11.11	-1.11
Financial	1.11	1.11	1.11	-0.11

NASDAQ Indexes

Index	High	Low	Last	Chg.
Composite	2222.22	2222.22	2222.22	-22.22
Industrial	222.22	222.22	222.22	-22.22
Utilities	22.22	22.22	22.22	-2.22
Financial	2.22	2.22	2.22	-0.22

AMEX Stock Index

Index	High	Low	Last	Chg.
Industrial	111.11	111.11	111.11	-11.11
Utilities	11.11	11.11	11.11	-1.11
Financial	1.11	1.11	1.11	-0.11

Dow Jones Bond Averages

Bond	High	Low	Last	Chg.
20 Year	111.11	111.11	111.11	-11.11
10 Year	11.11	11.11	11.11	-1.11
5 Year	1.11	1.11	1.11	-0.11
1 Year	0.11	0.11	0.11	-0.01

NYSE Diary

Index	High	Low	Last	Chg.
Composite	1111.11	1111.11	1111.11	-11.11
Industrial	111.11	111.11	111.11	-11.11
Utilities	11.11	11.11	11.11	-1.11
Financial	1.11	1.11	1.11	-0.11

AMEX Diary

Index	High	Low	Last	Chg.
Industrial	111.11	111.11	111.11	-11.11
Utilities	11.11	11.11	11.11	-1.11
Financial	1.11	1.11	1.11	-0.11

NASDAQ Diary

Index	High	Low	Last	Chg.
Composite	2222.22	2222.22	2222.22	-22.22
Industrial	222.22	222.22	222.22	-22.22
Utilities	22.22	22.22	22.22	-2.22
Financial	2.22	2.22	2.22	-0.22

Spot Commodities

Commodity	High	Low	Last	Chg.
Crude Oil	111.11	111.11	111.11	-11.11
Natural Gas	11.11	11.11	11.11	-1.11
Gold	1.11	1.11	1.11	-0.11
Silver	0.11	0.11	0.11	-0.01

EUROPEAN FUTURES

Index	High	Low	Last	Chg.
DAX	1111.11	1111.11	1111.11	-11.11
FTSE 100	111.11	111.11	111.11	-11.11
Nikkei 225	11.11	11.11	11.11	-1.11
Hang Seng	1.11	1.11	1.11	-0.11

Metals

Index	High	Low	Last	Chg.
Gold	1111.11	1111.11	1111.11	-11.11
Silver	11.11	11.11	11.11	-1.11
Copper	1.11	1.11	1.11	-0.11
Platinum	0.11	0.11	0.11	-0.01

Financial

Index	High	Low	Last	Chg.
10 Year Bond	111.11	111.11	111.11	-11.11
5 Year Bond	11.11	11.11	11.11	-1.11
1 Year Bond	1.11	1.11	1.11	-0.11

3-MONTH STERLING (LIFE)

Index	High	Low	Last	Chg.
3-Month	111.11	111.11	111.11	-11.11
6-Month	11.11	11.11	11.11	-1.11
9-Month	1.11	1.11	1.11	-0.11
12-Month	0.11	0.11	0.11	-0.01

3-MONTH EURO (LIFE)

Index	High	Low	Last	Chg.
3-Month	111.11	111.11	111.11	-11.11
6-Month	11.11	11.11	11.11	-1.11
9-Month	1.11	1.11	1.11	-0.11
12-Month	0.11	0.11	0.11	-0.01

3-MONTH POUND (LIFE)

Index	High	Low	Last	Chg.
3-Month	111.11	111.11	111.11	-11.11
6-Month	11.11	11.11	11.11	-1.11
9-Month	1.11	1.11	1.11	-0.11
12-Month	0.11	0.11	0.11	-0.01

3-MONTH YEN (LIFE)

Index	High	Low	Last	Chg.
3-Month	111.11	111.11	111.11	-11.11
6-Month	11.11	11.11	11.11	-1.11
9-Month	1.11	1.11	1.11	-0.11
12-Month	0.11	0.11	0.11	-0.01

3-MONTH DOLLAR (LIFE)

Index	High	Low	Last	Chg.
3-Month	111.11	111.11	111.11	-11.11
6-Month	11.11	11.11	11.11	-1.11
9-Month	1.11	1.11	1.11	-0.11
12-Month	0.11	0.11	0.11	-0.01

3-MONTH SWISS (LIFE)

Index	High	Low	Last	Chg.
3-Month	111.11	111.11	111.11	-11.11
6-Month	11.11	11.11	11.11	-1.11
9-Month	1.11	1.11	1.11	-0.11
12-Month	0.11	0.11	0.11	-0.01

3-MONTH JAPANESE (LIFE)

Index	High	Low	Last	Chg.
3-Month	111.11	111.11	111.11	-11.11
6-Month	11.11	11.11	11.11	-1.11
9-Month	1.11	1.11	1.11	-0.11
12-Month	0.11	0.11	0.11	-0.01

3-MONTH AUSTRALIAN (LIFE)

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

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1. The first part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

2. The second part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

3. The third part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

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5. The fifth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

6. The sixth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

7. The seventh part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

8. The eighth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

9. The ninth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.

10. The tenth part of the document is a list of names and addresses, which appears to be a directory or a list of subscribers. The names are written in a cursive script, and the addresses are listed below them. The list is organized into columns, with names in the first column and addresses in the second column.


一、（一） 凡在本行存款，其利息按日计算，按月复利，其利率按本行规定之利率表执行。
 二、（二） 凡在本行存款，其利息按日计算，按月复利，其利率按本行规定之利率表执行。
 三、（三） 凡在本行存款，其利息按日计算，按月复利，其利率按本行规定之利率表执行。
 四、（四） 凡在本行存款，其利息按日计算，按月复利，其利率按本行规定之利率表执行。
 五、（五） 凡在本行存款，其利息按日计算，按月复利，其利率按本行规定之利率表执行。
 六、（六） 凡在本行存款，其利息按日计算，按月复利，其利率按本行规定之利率表执行。
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12 Month High Low Stock	Div	Yld	P/E	92s 1986	High	Low	Lowest
1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784							

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions, both financial and non-financial, as they are essential for the proper management of the organization's affairs. It emphasizes that such records provide a clear and concise history of the organization's activities, which can be used for various purposes, including budgeting, planning, and decision-making.

2. The second part of the document outlines the specific steps that should be followed when recording transactions. It begins by stating that all transactions must be recorded in a timely manner, ideally at the end of each business day. This ensures that the records are up-to-date and reflect the current state of the organization's finances.

3. The third part of the document describes the different types of transactions that may occur and how they should be recorded. It includes examples of common transactions, such as sales, purchases, and transfers, and explains the appropriate accounting treatment for each type.

4. The fourth part of the document discusses the importance of reconciling the records regularly to ensure their accuracy. It explains that reconciliation involves comparing the recorded transactions against the actual bank statements or other external sources to identify any discrepancies.

5. The fifth part of the document provides some general guidelines for organizing and storing the records. It suggests that records should be kept in a secure location, protected from fire and theft, and that they should be easily accessible to authorized personnel.

6. Finally, the sixth part of the document concludes by reiterating the overall importance of maintaining accurate records and encourages the reader to follow the guidelines outlined throughout the document.

A SIM
CURE FOR TH
FOREIGN

Cooling China Economy Chills Hong Kong Stocks

By Kevin Murphy
International Herald Tribune
HONG KONG — In a rare move here, Beiren Printing Machinery Holdings Ltd., one of the 15 Chinese companies to list in Hong Kong, cut its 1994 earnings forecast by 32 percent Wednesday.

Analysts covering the volatile small stocks in the Hong Kong market wish many other companies had been as forthright recently — it might have saved them some unpleasant surprises.

A number of small and medium-sized Hong Kong companies have reported dismal half-year corporate results in recent weeks, many blaming their woes on a failure to profit from rapid expansion into China.

In Beiren's case, unfavorable market conditions for its machinery and a switch to Hong Kong accounting standards from Chinese ones behind the gloomy forecast.

Beijing's battle to rein in an overheated national economy has begun to cast a shadow over Hong Kong, analysts said, as an engineered business slowdown, particularly in speculative property developments, filters through to companies' balance sheets and earnings estimates.

"Everyone here bet on the China market and now it's not coming through," said one trader with a U.S. securities firm. "There are better bets in most other regional economies these days."

Most of Hong Kong's blue-chip companies announced their interim results earlier this year without too many harsh surprises; they benefit from more diversified lines of business and stronger balance sheets than smaller companies.

But analysts now say smaller companies' troubles with their China investments are a bad omen for the overall market. Many have recently cut their earnings estimates for blue-chip stocks.

"China has been a disappointing experience for many in the past year," said Howard Gorges, director of South China Brokerage. "And for many companies it possibly looks worse because expectations were too high."

Many of the smaller companies who have surprised the market with poor interim profit performances are trading and manufacturing businesses that have disappointed investors despite increases in revenue.

Analysts said they were looking forward to seeing these companies' annual reports to get

more information on what they believe are losses from speculative investments in China and bad debts owed by Chinese trade counterparts.

Among Hong Kong's larger companies, exposure to the China market is generally limited to a small percentage of their total assets, particularly in the property-development sector.

However, while property analysts generally discount the major developers' China activities in their profit and valuation forecasts, a downturn in mainland property markets could turn many investments there into longer-term propositions than first envisaged.

Closer to home, rising interest rates have sent chills through the Hong Kong property market, and a sevenfold increase in residential property prices over the past 10 years has caused some analysts to think the market is ripe for a major correction.

Hong Kong companies' traditional reliance on stock and property trading to boost overall profit further complicates the task of forecasting their earnings for 1994.

"There may be some negative surprises, especially in individual companies' trading results,"

said Samson Wong, head of research at Sassoon Securities Ltd.

Many brokerage firms have downgraded their 1994 earnings estimates for the 33 major companies that make up the Hang Seng Index.

"Even the most conservative companies around the world have been hit by trading losses," said Mr. Wong. His firm has reduced its estimates for 1994 earnings growth to 15 percent from 18 percent for the stocks that make up the Hang Seng Index.

The benchmark index closed down 43.66 points, at 8,268.22, on Wednesday; it is down 30 percent on the year.

S.G. Warburg Securities said it did not see a turnaround coming soon. "If results in the first quarter of 1995 show further signs of margin pressure and sentiment toward China takes a further downward turn, a price/earnings ratio below 9 times cannot be ruled out," a recent Warburg report said.

"A Hang Seng Index of 7,500 may represent the bottom of the market," it added, "unless earnings downgrades are more drastic than currently expected."

Investor's Asia				
Exchange	Index	Close	Prev. Close	% Change
Hong Kong Hang Seng	11000	8,268.22	8,311.88	-0.53
Singapore Straits Times	2400	2,234.15	2,227.25	+0.31
Tokyo Nikkei 225	22000	1,935.50	1,908.30	+1.37
Kuala Lumpur Composite	1000	1,665.63	1,671.36	-0.29
Bangkok SET	1000	975.97	987.54	-1.17
Seoul Composite Stock	1000	1,363.24	1,359.86	+0.25
Taipei Weighted Price	1000	1,027.39	1,025.33	+0.20
Manila PSE	1000	6,947.83	6,982.91	-0.50
Jakarta Stock Index	1000	2,777.78	2,794.58	-0.60
New Zealand NZSE-40	1000	489.64	486.15	+0.75
Bombay National Index	1000	1,919.83	1,915.23	+0.24
		1,862.78		

Tokyo Orders NTT To Let Rivals Use Local Networks

Bloomberg Business News
TOKYO — The Ministry of Posts and Telecommunications said Wednesday it had ordered Nippon Telegraph & Telephone Corp. to allow competing carriers to use its local phone lines.

The ministry said it issued the order after three long-distance competitors of NTT's — DDI Corp., Japan Telecom Co. and Telex Japan Corp. — petitioned the ministry for permission to use NTT lines to offer low-priced telephone-networking services called virtual private networks.

The ministry said the order was necessary "to ensure a wider choice for consumers and to promote competition in the private network business." It said the ruling would not "unfairly restrict" NTT.

The order opens the way for the smaller companies, which entered Japan's telecommunications business in the years af-

ter NTT's monopoly was abolished in 1986, to offer virtual-private-network services without the need to invest in laying new cables.

The networks are used mostly by companies that want voice and data transmission networks for internal use without the cost of having extra telephone lines installed. Currently NTT is the only operator of the networks in Japan.

The status of NTT, which is majority-owned by the Finance Ministry, will be reviewed beginning in April.

The ministry said it conducted a public hearing on the three companies' petition on Dec. 1. At the hearing, NTT questioned whether allowing the smaller companies to operate virtual-private-network services was within the law that governed their business operations, and whether they would be allowed to set rates for the services without NTT's involvement.

Mr. Wang Buys His Dream Car In China, It Shakes, Rattles and Sometimes Rolls

By Steven Mufson
Washington Post Service
BEIJING — After saving for two years, Wang Xian and his wife, Mei, have bought themselves a piece of the Chinese dream. It has four wheels, a top speed of 60 miles (97 kilometers) per hour and a coat of snowy white paint under a layer of dirt and coal dust.

It is a car, and so far, it has been a real headache.

Mr. Wang has made 15 visits to five different offices to pay fees and get permits for the car. In addition to the 57,000 yuan (\$6,700) he paid for the vehicle, he has shelled out a wad of cash for a parking space 10 minutes' walk from his home. Although only two months old, the car already rattles badly.

"We're both happy and irritated," said Mr. Wang. "Owning a car in Beijing is great, but it's also very difficult."

The Wangs bought their Chinese-made Changhe car in mid-October, about a month before China's Ministry of Machine-Building Industries hosted an auto show for 22 foreign automakers competing to build a new family car for China. The Chinese government has announced that three or four foreign automakers will be chosen to help modernize China's fledgling auto industry, beginning in 1996.

Their target market is the typical Chinese family — like the Wangs — that lives in two rooms, heats with coal and rides to work on old bicycles.

Companies including Porsche AG, Mercedes-Benz AG, Ford Motor Co. and General Motors Corp. took part in the show, hoping to gain early access to perhaps the last great growth market for autos. Car sales in China were around 350,000 in 1994, with about two-thirds produced domestically, but some observers forecast annual sales of 1.4 million by 2000 and 4 million by 2010.

Success, however, is far from certain.

For one thing, most Chinese cities were built for the bicycle, not the automobile. Beijing, for example, has almost no parking space, and the streets — most of which are wide enough for only one car — are choked by bicycle traffic. Vehicle sales in China, including trucks, are currently about 1.37 million a year. The figure for bicycles is 30.5 million.

Indeed, even after the Wangs get their drivers' licenses, they still plan to ride their bicycles to work, using the car to visit relatives out of town or when they shop for heavy items, such as coal.

Cost is also a major obstacle. In a nation with average per capita income of less than \$300 a year and virtually no

consumer credit, it would take a lifetime for the average person to save enough to buy a car, not to mention maintenance, parking, insurance and gasoline.

The Wangs could afford their car because Mr. Wang's wife has her own private photography studio. If they had to rely on Mr. Wang's salary at a magazine, "it would have taken 10 years and that's if we didn't eat or drink," Mr. Wang said.

The Toyota Motor Corp., when invited to the Family Car Symposium in October, recommended the Chinese not build a car aimed at the average Chinese household because of the expense of ownership. Citing the history of car ownership in Japan, Korea and Taiwan, Toyota said only wealthy Chinese would be able to afford cars for many years to come.

Investor Protection Debated

The National People's Congress is considering legislation to protect investors by overseas Chinese following an increase in reported disputes between investors and local officials, Reuters reported Wednesday. Foreign investment in China grew 44 percent during the first 10 months of 1994, to \$25.2 billion, according to official figures.

Eighty percent of foreign investment has been by ethnic Chinese living overseas and Chinese with foreign citizenships.

Very briefly:

- Japanese employers eliminated 128,000 jobs over the past year — more than 10 times the 11,260 jobs cut in 1993 — to try to cope with the lingering recession, a survey of major companies said.
- Indonesia said it had chosen four possible sites in the United States for a factory to assemble an Indonesian-designed passenger plane. The government will decide in February whether to build the \$100 million plant in Alabama, Oregon, Georgia or Arizona.
- Rashid Hussain Bhd., a Malaysian financial-services company, said it signed an agreement with Daewoo Corp. of South Korea to develop an entertainment, office and residential complex in Kuala Lumpur with a potential value of 1.2 billion ringgit (\$468 million).
- Taiwan's Finance Ministry has approved what it said was the first takeover in its financial sector, with United World Chinese Commercial Bank acquiring Overseas Trust Corp., which was on the brink of bankruptcy.
- Standard & Poor's Asia Ltd. affirmed its AAA ratings on Mitsui Marine & Fire Insurance Co. and Sumitomo Marine & Fire Insurance Co. but warned that both companies' profits were falling and they were likely to "consume additional capital" and pursue "possibly more risky business opportunities."
- Fuji Heavy Industries Ltd. said it expected to post its first net consolidated profit in six years for the current year, ending in March, but it refused to confirm press reports that it would have group profit of 5 billion yen (\$50 million).
- Pioneer Corp. said it planned to raise its overseas production to 36 percent of its worldwide output in the year starting in April from an estimated 27 percent in the current year.

Hualon's Oung Charged in Stock Affair

Compiled by Our Staff From Dispatches
TAIPEI — James Oung, the chief of Taiwan's Hualon Group, and 33 other Hualon executives were charged Wednesday with violations of securities and accounting law in connection with a 3.4 billion Taiwan dollars (\$128.7 million) stock scandal in October.

Mr. Oung, a prominent legislator and business executive, and the others were accused of participating in a stock manipulation scheme that led four brokerages reported to be controlled by Mr. Oung to default on payments owed for buy orders on the Taiwan Stock Exchange in early October.

The benchmark weighted price index of the Taiwan Stock Exchange plunged 15 percent between Oct. 4 and Oct. 11 in the wake of the affair.

Mr. Oung heads Hualon Group, a textile-and-electronics business that in September 1994 was ranked as Taiwan's

ninth-largest conglomerate by Excellence magazine, a Chinese-language monthly.

Hualon Group had assets of 125.2 billion dollars in 1993, the magazine said. Hualon's assets include investments in Hong Kong, Malaysia and China.

Taiwan's benchmark weighted price index lost 35.08 points on Wednesday, falling to 6,947.83, in part on concerns about Mr. Oung's arrest, said Scott Huang, a fund manager with China Securities Investment & Trust Co. Hualon Corp., the textile-making flagship of Hualon Group, plunged 3 dollars to 40.7 dollars.

A Taiwan high court just last week upheld Mr. Oung's conviction in an unrelated 1990 stock scandal, and sentenced him to two years and two months in jail.

In September 1991, Mr. Oung's chief stock strategist, Lei Po-lung, was involved in irregularities when he failed to settle transactions valued at 9 billion dollars.

Most unsettled transactions during the

October incident were in a hotel stock whose price, analysts say, was manipulated to artificially high levels before the defaults occurred. Sellers of shares in Imperial Hotel were paid through a special Taiwan Stock Exchange settlement fund, even though buyers defaulted on their orders to the four securities companies.

Securities and Exchange Commission officials said in October they believed traders close to Mr. Oung were on both the buy and sell sides of the trade in the hotel's shares, and defaulted only after investors were no longer willing to bid up its price.

Analysts said that Mr. Oung was not likely to be immediately affected by the new charges because the case was likely to drag out for at least a few years.

"This will not be the end for Oung," said Thomas Chien, research manager for Barings Securities in Taipei. "He still has a lot of political muscle to exert in the game."

(AFP, Bloomberg)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:
R. H. MACY & CO., INC., et al.,
Debtors.

Chapter 11
Case No. 92-B-40477 (BRL)
(Jointly Administered)

NOTICE OF EFFECTIVE DATE OF SECOND AMENDED JOINT PLAN OF REORGANIZATION OF R. H. MACY & CO., INC. AND CERTAIN OF ITS SUBSIDIARIES, AS MODIFIED

To all holders of claims against and interests in the above-captioned debtors and debtors in possession, and other parties in interest:

NOTICE IS HEREBY GIVEN THAT:

The Court, having entered an order dated December 8, 1994 confirming the Second Amended Joint Plan of Reorganization of R. H. Macy & Co., Inc. and Certain of its Subsidiaries, as modified (the "Plan"), and all other conditions to the effectiveness of the Plan having been satisfied or duly waived prior to December 19, 1994, the Effective Date (as defined in the Plan) occurred on December 19, 1994.

Dated: New York, New York
December 19, 1994

/s/ Richard M. Cieri
Richard M. Cieri (EC 6862)
JONES, DAY, REAVIS & POGUE
North East
901 Lakeside Avenue
Cleveland, Ohio 44114
(216) 586-3329
ATTORNEYS FOR
REORGANIZED DEBTORS

Thailand to Cut Import Taxes

Bloomberg Business News
BANGKOK — Thailand will reduce import taxes on 3,908 items Jan. 1 to try to sharpen its companies' ability to compete.

The government also seeks to meet terms of the ASEAN Free Trade Area and the General Agreement on Tariffs and Trade.

The cuts, approved Tuesday by the cabinet, will reduce the average import duty on all items to 17 percent from 30.2 percent by Jan. 1, 1997. By 1997, no import duty on any of the items will exceed 30 percent.

The tax reductions affect such goods as petrochemicals, plastics, food, alcohol, cars and spare parts.

STAR TV Seeks Legal China Entry

Bloomberg Business News
HONG KONG — STAR TV, the Asian satellite broadcaster owned by News Corp., said Wednesday it was in talks with China at various levels in an attempt to get its programs legally shown there.

But a spokesman for the company refused to comment on a report that News Corp., which controls STAR, is attempting to pry open the market by selling the Chinese a system that would allow the authorities in Beijing to have control over pay-TV signals.

The Eastern Express newspaper reported Wednesday that News Corp.'s News Data Communications subsidiary had held talks with China's Ministry of Radio, Film and Television in mid-December about the subscriber-management system. It said that Rupert Murdoch, who controls News Corp., subsequently made a personal visit to China for further talks.

The paper said that under the proposals, a master-control unit based in Beijing would receive raw satellite signals and then rebroadcast the ones that censors had approved.

STAR said it had been in discussions over joint telecasts and coproduction of programs in China. The company has already produced a

series of programs through joint ventures on the mainland and has also acquired more than 1,000 hours of programs from China.

It is currently illegal for individuals or unlicensed organizations to install and use satellite dishes in China.

Many Chinese individuals and organizations defy the ban on satellite dishes. The number of people viewing STAR in October in greater China — China, Taiwan and Hong Kong — was 38.2 million, up 15 percent from the beginning of the year, according to STAR's own estimates. The majority of these were in China, though STAR has not issued a specific breakdown.

Pearson, TVB and Indian Paper Team Up

The Indian government has approved a \$25 million television venture between Pearson PLC, the Hindustan Times and Television Broadcasts Ltd. of Hong Kong, Agence France-Presse reported from New Delhi.

The venture will produce television programs for domestic and the overseas markets, Indian officials said Wednesday. Pearson will have a 30 percent stake, the Indian newspaper will own 50 percent, and the remainder will be held by TVB.

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Canada	800-555-0100	Hungary	800-555-0100	Mauritania	800-555-0100	Nicaragua	800-555-0100
Chile	800-555-0100	Iceland	800-555-0100	Mauritius	800-555-0100	Norway	800-555-0100
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Wednesday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

[illegible]

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	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R-5	
11%	1.00
12%	1.06
13%	1.13
14%	1.20
15%	1.28
16%	1.36
17%	1.45
18%	1.54
19%	1.63
20%	1.73
21%	1.83
22%	1.93
23%	2.04
24%	2.15
25%	2.26
26%	2.38
27%	2.50
28%	2.62
29%	2.75
30%	2.87
31%	3.00
32%	3.13
33%	3.26
34%	3.40
35%	3.54
36%	3.68
37%	3.83
38%	3.98
39%	4.13
40%	4.29
41%	4.45
42%	4.61
43%	4.78
44%	4.94
45%	5.11
46%	5.28
47%	5.46
48%	5.64
49%	5.82
50%	6.01
51%	6.20
52%	6.39
53%	6.59
54%	6.79
55%	6.99
56%	7.20
57%	7.41
58%	7.62
59%	7.84
60%	8.06
61%	8.28
62%	8.51
63%	8.74
64%	8.97
65%	9.21
66%	9.45
67%	9.69
68%	9.94
69%	10.19
70%	10.44
71%	10.69
72%	10.95
73%	11.21
74%	11.47
75%	11.74
76%	12.01
77%	12.28
78%	12.56
79%	12.84
80%	13.12
81%	13.41
82%	13.70
83%	14.00
84%	14.30
85%	14.60
86%	14.91
87%	15.22
88%	15.53
89%	15.85
90%	16.17
91%	16.49
92%	16.82
93%	17.15
94%	17.48
95%	17.82
96%	18.16
97%	18.50
98%	18.85
99%	19.20
100%	19.56

[illegible]

**FREEDOM TO
FUNDS ABROAD
STIMULATES
STOCK MARKET**

AMEX

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect trades elsewhere. Via The Associated Press

[illegible]

C-E-F	
24	100%
25	100%
26	100%
27	100%
28	100%
29	100%
30	100%
31	100%
32	100%
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93	100%
94	100%
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97	100%
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99	100%
100	100%

[illegible][illegible][illegible][illegible]

VITAL SECTION

...lowes reflect
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...for reaching
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...risks based on

...months.
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...or no action
...accumulative
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FBI
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20535

Sales figures are unaffected. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the current year's high or low. Dividend yield is calculated as the annual dividend amount divided by the current price. Dividend growth rate is the percentage more has been paid, less the year's high-low range, over the previous year's high-low range. Dividend coverage ratio, ratio of dividends per share to annual debt payments based on the current debt balance.

a = dividend cost (cents)
b = annual rate of dividend plus stock dividend.
c = floating dividend
d = called.
e = new yearly low.
f = dividend declared or paid in preceding 12 months.
g = dividend in bonds, subject to 10% non-dividend tax.
h = dividend declared after sell-off or price decline.
i = dividend paid this year, entitled, deferred, no action taken at latest dividend meeting.
j = dividend paid this year, entitled, deferred, no action taken with dividends in arrears.
k = dividend paid in the previous 26 weeks. The high-low range based on the start of trading.
l = one day.
m = P/E = price-earnings ratio.
n = dividend declared or paid in preceding 12 months.
o = stock split. Dividend begins with date of split.
p = dividend paid in stock in preceding 12 months, entitled.
q = dividend or ex-dividend or ex-dividend date.
r = new yearly high.
s = without dividend.
t = in bankruptcy or receivership or being reorganized or in liquidation.
u = dividend in preferred stock or securities assumed by stock company.
v = without dividend.
w = when issued.
x = with warrants.
y = dividend or ex-dividend.
z = ex-dividend.
aa = without dividend.
ab = ex-dividend and sales in full.

ص: ١ من الـ ١

صندوق من الاصل

INDIA'S EURO-ISSUES

FREEDOM TO RAISE FUNDS ABROAD STIMULATES INDIAN STOCK MARKET

Eurobonds and GDRs raise more than \$4 billion.

Indian companies enjoyed protection from foreign competition for years, but there were costs involved. High tariff walls raised input prices and allowed industry to remain inefficient. In addition, capital was obtained at a high cost.

Indian interest rates have traditionally been high and have made borrowing an expensive proposition, but share capital was not cheap either. Government controls on capital issues and their pricing meant that companies had to sell their shares in India at steep discounts.

All that has changed. In the past two years, interest rates have been scaled down, and prime borrowers are today able to borrow at between 13.5 percent and 14 percent, down from 18 percent and more in the past. This is a step in the right direction, but Indian rates are still high by global standards.

Companies can price their equity offerings more freely today, partly because it is now simpler for them to raise funds abroad. Until 1992, only a handful of Indian companies, mainly public-sector units, were allowed to raise funds abroad, all as debt. Since 1992, the corporate sector has been given greater freedom to raise funds overseas, especially as equity or quasi-equity.

International Instruments

About 50 Indian companies have done so since mid-1992, and 150 others have lined up to tap the Euromarkets. By the end of October, over \$4 billion had been raised by Indian companies from Eurobonds and global depository receipts.

The first Indian GDR was issued in 1992. Since then, some 48 GDR issues have been made by Indian companies, representing 36 percent of the \$11 billion raised globally through GDRs so far.

In the past, many Indian companies were able to price their GDR issues at premiums over their market prices in India. The demand for Indian issues was high and growing. This phase lasted until a couple of months ago, but with rising U.S. interest rates attracting funds away from equity-backed instruments, and with global investors becoming more chary about the Indian market, the premiums have become exceptional.

Discriminating investors

B.H. Jain, chairman of the Jain Group of Industries, says: "In the Euromarket, equity is priced at market-related rates. Public or rights issues in India are currently priced at heavy discounts to prevailing market prices. Besides, so many Indian companies have launched ambitious capital expansion programs that the domestic capital market is not able to generate the necessary funds. Also, issuance costs are lower in the global markets than they are in India."

A public issue in India can cost 8 percent to 10 percent of the issue size, against about 4 percent for a Euro-issue. Jain Irrigation, part of the Jain Group of Industries, made a \$30



The Bombay Stock Exchange: The powerhouse of the Indian economy has become more open to the rest of the world.

million Euro-issue in February this year, at a price of \$11.12 per GDR, which was convertible into one share of the company.

According to Mr. Jain, some Indian companies priced their GDRs high, but "considering the medium-term earnings prospects for the companies, the pricing was reasonable."

Most GDR prices have moved in close relation to domestic share prices. The enthusiasm for Indian paper has not disappeared, but what has happened is that global investors have become more discriminating. They realize that not every Indian issue deserves a premium. In the process, some good Indian companies have been forced to sell at a discount.

WHAT IS A GDR?

A global depository receipt issued by an Indian company is a dollar-denominated instrument traded on international stock exchanges.

It usually represents one or more equity shares, denominated in Indian rupees. The shares are issued to a depository, in whose name they are registered, and with whose agent, a custodian, the share certificates are physically deposited. After a cooling-off period of 45 days, the GDRs can be redeemed in exchange of shares.

While the issuing company makes its dividend payout in rupees, the custodian pays the foreign investors in dollars.

The issuing company does not take on any foreign currency risk, but receives the proceeds of the issue in dollars, which it can hold abroad for importing machinery and other capital goods.

With Eurobonds, on the other hand, the investor earns interest where the bonds are

convertible, the interest accrues until the conversion option is exercised, in which case the bonds can be converted into shares of the issuing company.

GDRs are an excellent instrument where international access to local stock markets is limited in India by policy or by technical difficulties.

In such cases, the prices of GDRs traded in international markets (independently of the local trading) are often higher or lower than the prices of the underlying shares they represent in the issuers' local markets. This has created some arbitrage opportunities for international investors.

GDRs are a relatively new instrument in the global markets, having been introduced for the first time in 1990 by Citibank in the form of a \$40 million issue for Samsung of Korea. GDR issues worldwide through early November of this year totaled \$5.5 billion.

One such company is Larsen & Toubro, considered among the best blue-chip companies in India. It made its \$150 million issue at a 9 percent discount to its share price on the Bombay Stock Exchange. Another is the Indian Petrochemicals Corporation Ltd., which became the first Indian public-sector company to make an equity offering abroad. The \$85 million offering was made through a GDR issue priced at \$13.75 per GDR, representing three IPCL shares, at the equivalent of a 13 percent discount to the Indian price.

Not all issues have suffered this fate. Bajaj Auto, India's largest scooter and motorcycle manufacturer, raised \$110 million from a GDR issue in October at a price that was marginally higher than the price of the company's shares on the Bombay Stock Exchange.

With IPCL leading the way, several other public-sector companies, many of which have already listed their shares on the Indian markets, plan to go to the Euromarket for funds. Among them will be the Steel Authority of India Ltd., which is planning to raise \$350 million from the Euromarket early next year. The Oil and Natural Gas Corp. aims to raise \$1 billion next year.

The long list of private-sector issuers that will raise funds in the international markets include Essar Shipping (which plans an issue of \$172 million), Ashok Leyland (\$150 million), Videocon Appliances (\$150 million), Indo Rama Synthetics (\$125 million), Mahavir Spinning (\$100 million).

"More mergers and strategic alliances should stimulate the investment climate."

Mardia Chemicals (\$100 million), South India Shipping Corp. (\$115 million) and McLeod Russell (\$100 million).

In addition, India's financial sector giants are preparing to tap the Euromarket. The State Bank of India, the country's largest commercial bank, the Industrial Development Bank of India and Industrial Finance Corp. of India, the country's largest development banks, are among those planning to raise funds through GDR and bond issues abroad.

The flurry of GDR issues has created a multi-billion-dollar market for Indian paper outside India, to around 3.5 percent of the total capitalization of the Indian market. Some observers expect the proportion to rise to over 5 percent.

Expansion plans

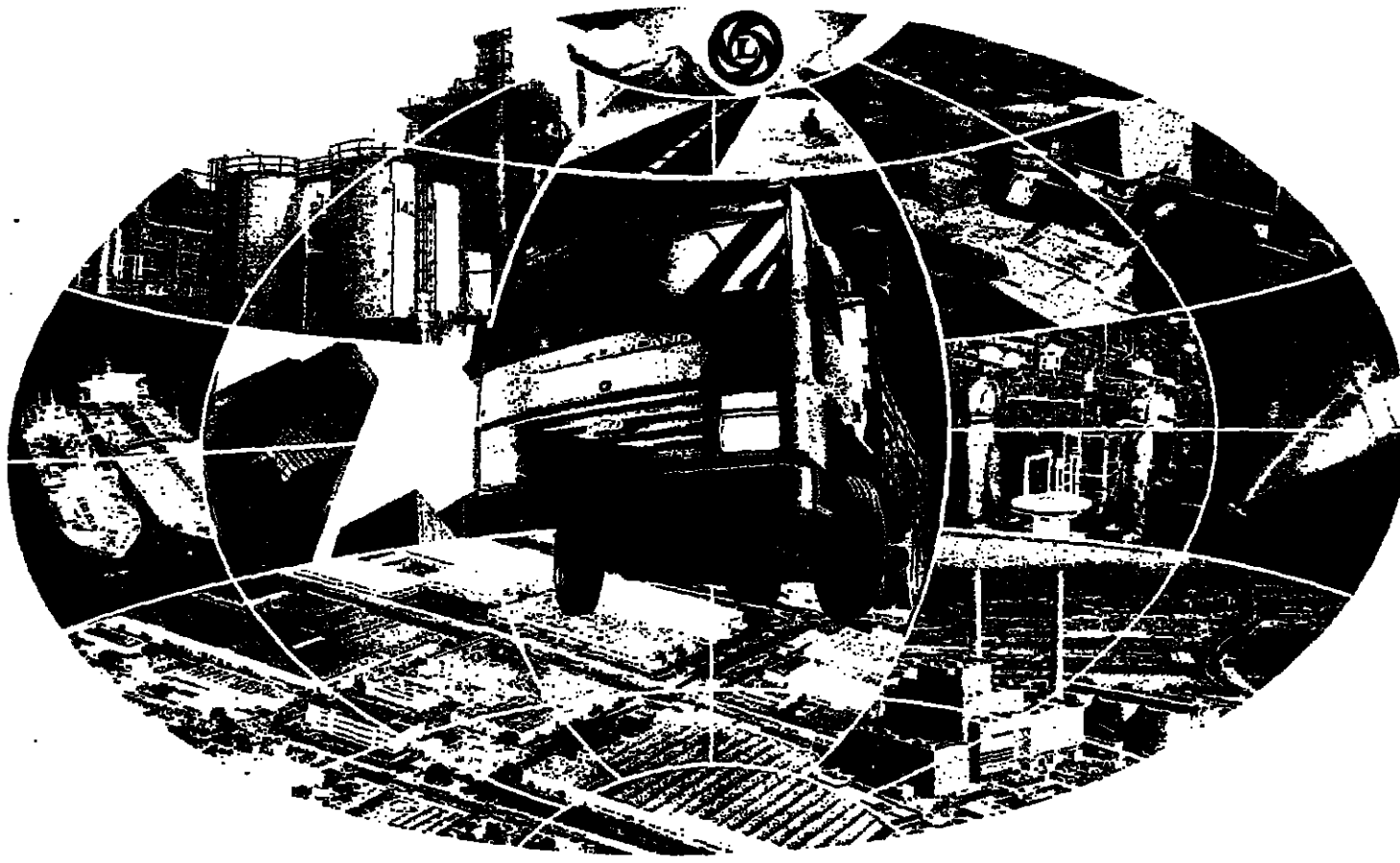
The Indian market should continue to grow as industry in the country expands. Companies are busy with expansion and diversification plans, and they need funds. One such company is National Organic Chemical Industries Ltd. It is merging with its associate Polyolefins Industries Ltd. and has an expansion-cum-modernization project that will require around \$1.5 billion.

N.M. Dhuldhoya, NOCIL's managing director, says: "The economic outlook over the next three years is bright. Agriculture, with an estimated growth of 5.5 percent in the current year, has made a significant contribution to the country's GDP. With agricultural surpluses, India's growth prospects assume new dimensions. India is on a fast growth track, and by 1998-99 an 8 percent real GDP growth should become the trend."

Mr. Dhuldhoya adds: "Corporate performances have been remarkably good, and more focused strategies involving mergers and strategic alliances should stimulate the investment climate."

Earnings per share have risen steeply in the first half of the current fiscal year, and the buoyancy is expected to continue as the country pushes ahead with its reform program. In this scenario, the prices at which Indian issuers offer their GDRs may fluctuate, but demand should remain buoyant for some time to come.

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"INDIA'S EURO-ISSUES"

was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITER: P. Ananth, who is based in Delhi
PROGRAM DIRECTOR: Bill Mahder.

SPONSORED SECTION

INDIA'S EURO-ISSUES

INDIAN ECONOMY IS BOUNCING BACK

A strong rupee and a dropping inflation rate are giving business executives new confidence.

After two years of stagnation, caused partly by the tight-money policy adopted by the government in 1991 to bring double-digit inflation under control, Indian industry is back on the growth track. Sales of a wide range of products are booming, and the impact is showing in the half-year results of most companies listed on the Bombay Stock Exchange.

Most groups have been able to control the damage caused by the recession and intensified competition. As sales rise, businesspeople are sounding decidedly more cheerful.

Leading the industries that have bounced back after the past two years of recession are the automotive sector, steel and chemicals.

Some companies, such as truck maker Tata Engineering and Locomotive Company, and petrochemicals producer Reliance Industries, are predicting turnover growth of over 30 percent in the current year. The Narasimha Rao government feels it has succeeded in turning the economy around in two years.

Economic reform

Earlier this year, there were fears of inflation going back to double digits after the tight-money policy had brought growth in prices down to less than 7 percent. The inflation rate actually rose to over 11 percent, but Finance Minister Manmohan Singh was able to bring it back to single-digit levels in August, a month before his promised deadline.

Today, New Delhi is faced with what is almost an embarrassment of riches. Foreign exchange reserves have burgeoned to \$20 billion. They were down to \$1.1 billion in June 1991, just before the present government came to power and launched its economic reform program.

Far from worrying about the rupee, which was falling precipitously three years ago, the government is now trying to hold it down. The Reserve Bank of India, the country's central bank, has been buying millions of dollars daily to prevent the rupee from floating up. The result is that despite the steady deregulation of foreign-exchange transactions on the current account, the rupee has remained remarkably steady at around 31.37 rupees per dollar for over a year. The growing comfort levels in foreign reserves are due to several factors.

To begin with, foreign direct investments have shot up from a dismal level of \$120 million a year in the second half of the 1980s to over \$1.2 billion in 1993, and they are expected to keep rising. In addition, foreign portfolio investments in Indian stock markets totaled \$2.4 billion in July 1994, up from nothing a little more than a year ago, and Indian companies have raised nearly \$4 billion from GDRs, Eurobonds and debt instruments. Finally, buoyant exports are bringing in more dollars than ever before.

Exports grow

Keeping the rupee down through open market operations has helped exports, which have grown at a rapid pace while the two-year recessionary period kept imports on a leash. Suddenly India's balance of trade, which was bordering on the desperate three years ago, is beginning to veer toward a surplus.

This happened despite a steady deregulation of imports and across-the-board scaling down of tariffs. Freer and lower-cost imports have helped exporters. Capital goods, as well as raw

borrowers and medium-term commercial loans, compared with over 18 percent two years ago. The trend is downward. Combined with reduced taxation, this augurs well for Indian industry. The general expectation is that indirect as well as direct tax levels will be reduced in the next budget, due in February 1995.

Bigger markets

Industry is looking forward to further improvement in performance in rapidly growing markets. In the case of Indian car sales, for example, Bajaj Auto Ltd. expects sales to double to 400,000 units in the next five years.

Research commissioned by Matsushita Electronics of Japan has indicated that sales of Indian color television sets will double to 2 million by 1997.

In consumer goods, two things are happening. A rapidly expanding middle class (estimated at around 250 million people), deprived in the past by licensing and tariff policies of the comfort of better-quality packaged products, is taking to new brands with great enthusiasm.

In mass consumer products, like soaps and detergents, the growing prosperity in rural areas and the effect of expanding satellite and cable-based media are stretching the markets.

The stock markets are booming as a result. The Bombay Stock Exchange's index dropped below 2000 in April 1993, from an April 1992 peak of 4546.58, after revelations of a nationwide securities scandal. But it is now scaling new peaks every few days. On September 12, 1994, for example, the index was at an all-time high of 4643.31, and observers expect the boom to last at least through the first half of 1995.

Controls lifted

The number of new public offers is growing, and so are the collections. With controls on the pricing of public issues being lifted early in 1992, companies have used the market to raise cheap funds to repay debts and thus reduce costs.

D. Basu, chairman of the giant State Bank of India, says: "The key issues for Indian industry as it seeks to compete with global players are updating technology, enhancing operating scale and improving productivity."

Foreign exchange reserves
have burgeoned
to \$20 billion.

materials and components, have become cheaper, helping producers to improve quality and reduce production costs.

Some machinery makers and commodity producers have been hurt by the reforms. There are several inefficient producers in India that have been unable to compete in spite of the reduced rupee value. There are many others, however, that are becoming increasingly competitive.

India's existing capital goods manufacturing and engineering base is helping. With low design, fabrication and assembly costs, machinery making and project engineering are very competitive. The lower equipment costs, in textile machinery, for example, enable producers of final products to become more competitive.

One hurdle to greater global competition is high interest rates, which are running at about 14 percent for prime



The Bombay Stock Exchange index reached record levels in the last months of 1994, and observers expect the boom to last into 1995.

BUSINESSMAN'S VIEW ON RAISING CAPITAL

"The government need not have any apprehensions of a large inflow of foreign exchange in the short term."

India's second-largest truck manufacturer, Ashok Leyland, which has a 34 percent share of the Indian truck and bus market, is planning to make a \$100 million to \$150 million Euro-issue in the near future. The Indian commercial vehicle industry, which suffered a downswing because of a tight-money policy and recession, is now on the upswing, and Ashok Leyland should benefit from the industry's improved fortunes.

The company, which dominates commercial vehicle sales in South India, is a joint venture between two international companies, the London-based Hinduja group and Iveco of Italy. Ashok Leyland, based in Madras, Tamil Nadu, is also involved in a 1,000 megawatt power plant at Visakhapatnam, Andhra Pradesh through a separate joint venture company, in association with the Hinduja group and the National Power Corp. of Britain.

R.J. Shahane, managing director of Ashok Leyland, says: "On the company's plans to tap the Euro-issue market, we shall perhaps consider launching the issue in the first quarter of 1995. Arrangements are being finalized. The funds are being raised to meet the company's expansion plans."

Mr. Shahane has these comments on the Indian government guidelines for GDR issues (one per year per com-

pany, two per year per group): "The guidelines are basically cautious steps to regulate foreign-exchange inflows. Considering the magnitude of industrial growth expected to take place in the coming decade, the government need not have any apprehensions of a large inflow in a shorter period. What is required is an effective foreign-exchange inflow management to insulate the economy from short-term inflationary measures."

Price-earnings ratio

Commenting on the feeling of some foreign investors that the prices of Indian shares are too high, Mr. Shahane says: "In an emerging economy like India, the rate of growth of industry and GDP is expected to be much higher than the growth rates recorded by developed nations. This is one of the main reasons for the price-earnings ratios of Indian shares being high. Because of the growth potential of companies in emerging economies, foreign investors are prepared to pay a high price. In the course of the next 10 years or so, once inflation and growth rates of the economy stabilize, the price-earnings ratio should come down and relate to the interest and yield structures, as in other developed nations."

Asked why Indian companies are not making American depository receipt

(ADR) issues, and whether Ashok Leyland had considered listing on the New York Stock Exchange, Mr. Shahane said: "So far Indian companies have been looking at the Euromarket, even though on a limited scale. They have accessed the U.S. market by offering GDRs to qualified institutional buyers. Since the size of the issues has been relatively small, Indian companies have not looked at ADR issues, which would address the large retail market of the United States. The experience of Indian corporations in the last 18 months indicates that it is necessary to reach out to wider markets. Well-run corporations, I am sure, will consider ADR issues in the coming years."

Mr. Shahane adds: "Listing on the New York Stock Exchange would require adoption of international accounting standards, greater transparency in reporting and publishing of quarterly earnings. Many companies like Ashok Leyland do have sound accounting policies, which are in conformity with international accounting standards. The Indian stock exchange regulations now require publication of results on a half-yearly basis. It would be relatively easier for companies like ours to conform to the listing requirements of the New York Stock Exchange, which will be considered in due course."

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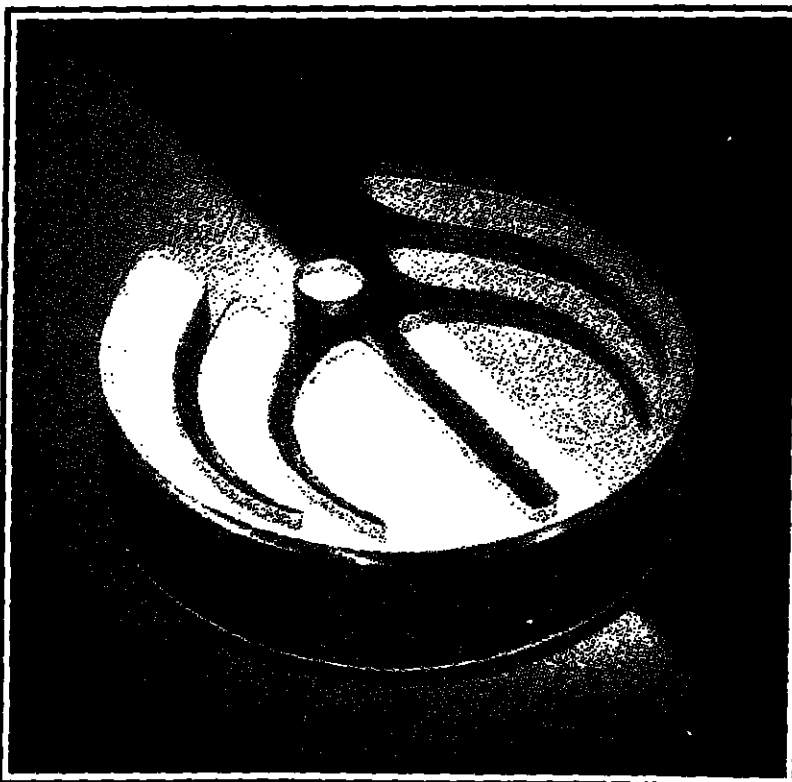
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INDIA'S EURO-ISSUES

FREE OF RESTRICTIONS, BANKS PREPARE TO EXPAND

Managements introduce a new flexibility and liberalization to meet the needs of a rapidly altering business environment.

Indians have proven to be good bankers, and many are employed in American and British banks abroad as well as in India. Although the formerly straitjacketed Indian financial sector was not the best place to develop their acumen, it did manage to create a large pool of highly qualified and talented managers who are able to combine prudence with risk-taking ability.

They constitute a strength that can help propel the Indian financial sector to the forefront of global finance now that they are no longer held back by government policies. Since 1969, when the country's 14 largest private banks were nationalized in the name of socialism (more were subsequently nationalized), banks had no choice but to obey New Delhi's diktat.

The regime of controls sometimes forced commercial banks and development banks to lend to borrowers with poor creditworthiness. The idea was to encourage small entrepreneurs, support farmers, facilitate exports and generally to fulfill various social objectives prescribed by the government.

Social gains were, in fact, made. The banking habit spread to rural areas, where the government forced the big-city-based banks to expand, regardless of viability.



D. Basu, chairman of the State Bank of India:
"Difficult challenges as well as exciting opportunities."

Savings and deposits rose rapidly, and as loans for agricultural purposes rose, so did prosperity in a growing number of districts. In the process expanding the markets for consumer products, durables and farm inputs.

Subsidized rates

The trouble was that the banks had to bear the burden of subsidized interest rates and, worse, of bad debts that had to be written off on a large scale. Their plight was made worse by high statutory liquidity and cash reserve requirements that blocked funds which could have been usefully employed.

Strong unions refused to negotiate productivity benefits in return for improved wages and benefits. Since interest rates and financial products were kept uniform and inflexible across the board, the banks were protected, and inefficiency thrived. Industry had to pay higher costs, and the consumer suffered.

All that is changing now. With liberalization, the branch network is due for rationalization. Many branches may be closed down, lightening the burden on the banks' balance sheets. Some flexibility has been introduced in the interest-rate structure, allowing banks to vary their interest rates for different borrowers.

Simultaneously, companies have been directly tapping the Indian and overseas capital markets, putting pressures on banks. As capital adequacy norms are enforced, the pressure to improve performance is growing. The government is also more willing than past governments to adopt a hands-off policy.

Privatization challenge

More change is expected as a result of privatization. Already, the Reserve Bank of India, the country's central bank, has permitted more than half a dozen companies to begin banking operations. These include the Unit Trust of India, the British-based Hinduja group, Global Trust Bank, the Times of India group, the Housing Development Finance Corp. and 20th Century Finance. The Exim Bank of India and the Industrial Development Bank of India have received approval in principle.

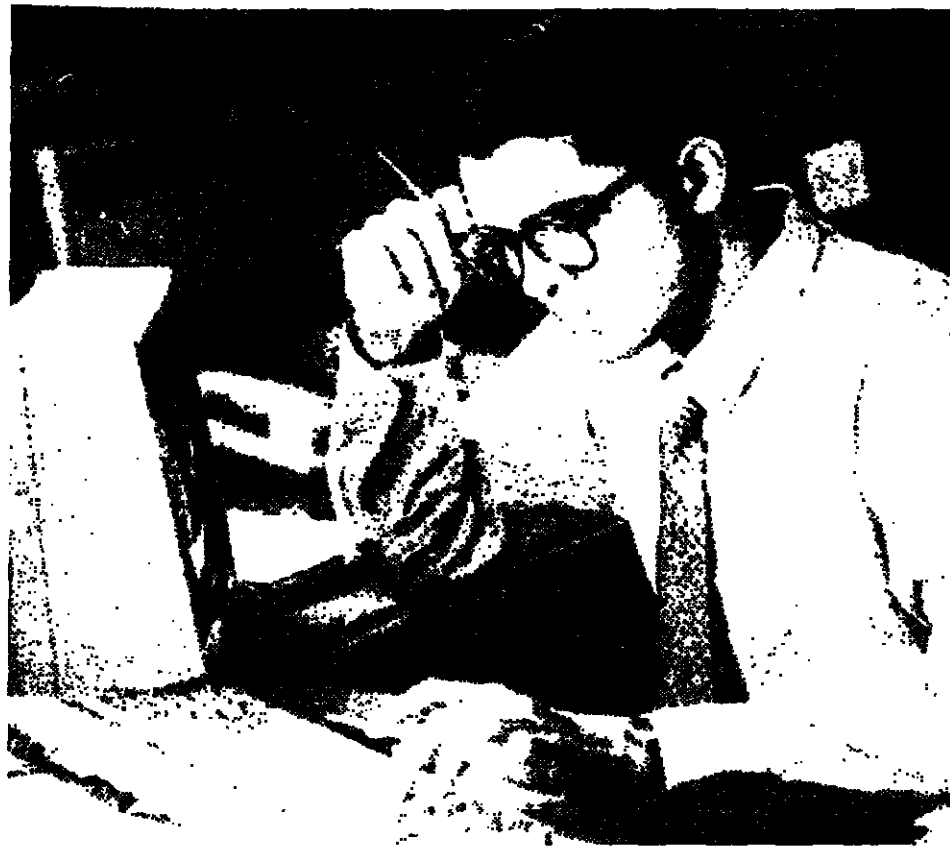
Real privatization is yet to come. Several public-sector banks, including the Oriental Bank of Commerce, Cu-

nara Bank and the Bank of Baroda, are going public soon. Others, such as Dena Bank and Union Bank, are expected to follow within a year or two, depending on how soon they strengthen their balance sheets.

There are currently 27 private Indian banks (most of them were established years ago and remained untouched by the nationalization programs because they were too small to bother about), and 24 foreign banks operating in the country. The foreign ones include American Express, ANZ-Grindlays, Bank of America, Citibank, Deutsche Bank, Hongkong Bank and Standard Chartered.

Public and private banks are today vying with one another to grab a slice of the growing non-fund business. As Indian industry restructures to meet the challenges of an opening economy, the scope for merchant banking, investment banking, mergers and acquisitions, and other advisory services is growing rapidly.

Plans at the State Bank of India, for example, "aim at reorganizing and re-equipping the bank to cope with the vastly altered business environment resulting from the new economic policy," according to the bank's chairman, Mr. Basu. "We have recently raised new



Computerization plays a large part in the drive by Indian banks to adapt to an expanding horizon.

He adds, "Our network of contacts and in-depth local knowledge is extensive and has enabled many organizations to avoid some of the costly problems experienced by other companies when starting new business ventures in unknown regions or marketplaces. Customers will experience standards of personal service and attention that larger, less focused banks find almost impossible to match." According to him, "SEBAL offers all the advantages of a small, focused bank but has the backing of one of the world's largest and most experienced banking groups."

The SBI is expanding operations in Russia by acquiring an equity stake in the International Moscow Bank. It is in the process of working out the details of the joint venture.

The SBI management has decided to make a Euro-issue in the range of \$200 million to \$250 million to strengthen its international banking operations. The bank's desire to tap the Euro market is linked to the growing ambition of Indian corporates to expand their overseas operations as well as to the growing demand for term loans in foreign currency.

The country's largest development bank, the Industrial Development Bank of India, is also responding to the ex-

ternal changes. "We have expanded our range of services to include a number of fund-based and non-fund-based services," says S.H. Khan, the bank's chairman and managing director. "IDBI has entered the business of equipment leasing, which is a growth segment in the new business environment. The scope of venture capital has been expanded as another thrust area of business."

Advisory services

Other areas receiving attention at IDBI are merchant banking and corporate advisory services, including mergers and acquisitions. The IDBI will launch a commercial bank, a mutual fund operation and a stock-broking unit before March, according to Mr. Khan.

He says the bank will sell up to 25 percent of its equity capital in the domestic market to raise an equivalent of \$640 million, and raise a further \$200 million or more from a Euro-issue. The bank's management has decided to tap the capital market to reduce the government stake from the present 100 percent to 51 percent.

The IDBI's commercial bank will be headquartered in Indore in the state of Madhya Pradesh. The IDBI's asset management company will launch two mutual funds, one domestic

and one offshore. Also in the cards is a subsidiary stock-broking firm that will deal on the National Stock Exchange. The development bank has already taken steps to strengthen its merchant banking business, and has set up a special cell to handle corporate advisory services and mergers and acquisitions.

The merchant banking division lead-managed 77 capital issues, totaling some \$2.2 billion, making it the third-largest merchant banking unit in India in terms of the number of issues as well as the volume of funds handled. Among other future activities, the IDBI will focus on venture-capital operations.

The IDBI is also restructuring its operations to face the challenges of a competitive environment. It has appointed the international consultancy firm, KPMG Peat Marwick, to suggest a structure for its bank. The consultancy firm will take a hard look at IDBI's goals and its organizational structure and suggest changes to enable the institution to retain its top position in the Indian institutional hierarchy.

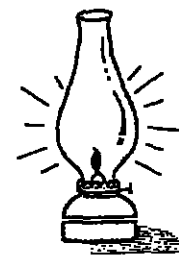
Meanwhile, the bank has decided to set up offices in New York, Tokyo, either Frankfurt or London, and either Singapore or Hong Kong.

INDIAN GDR ISSUES

Issuer	Issue date	Issue size (\$ million)	Issue price (\$)	Shares per GDR
Reliance (old)	May '93	150.00	16.35	2
Grasim (old)	Nov '92	90.00	12.98	1
Hindalco	Jul '93	72.00	16.10	1
SPIC	Sep '93	75.00	111.15	5
ITC	Oct '93	68.90	15.30	1
Bombay Dyeing	Nov '93	50.00	9.20	1
Mahindra & Mahindra	Nov '93	75.00	7.44	1
Sterite	Dec '93	100.00	17.88	1
Gujarat Ambuja Cement	Dec '93	80.00	11.90	1
Arvind Mills	Jan '94	125.00	9.78	1
Indo Gulf Fert	Jan '94	100.00	4.51	1
Indian Rayon	Jan '94	125.00	22.51	1
Videcon	Jan '94	87.00	8.10	1
G.E. Shipping	Feb '94	100.00	15.94	5
Indal	Feb '94	80.00	10.15	1
Jain Irrigation	Feb '94	30.00	11.12	1
Reliance (new)	Feb '94	300.00	24.10	2
Tata Power	Feb '94	75.00	710.00	10
United Phosphorus	Feb '94	55.00	41.00	1
Woolhardt	Mar '94	75.00	28.68	1
Garden Silk	Mar '94	50.00	26.28	5
CESC	Apr '94	125.00	53.34	6
Grasim (new)	May '94	100.00	20.50	1
DCW	May '94	25.00	13.55	5
Tube Investments	May '94	45.00	8.76	1
Core Parenterals	Jun '94	70.00	12.60	1
Dr. Reddy's	Jul '94	48.00	11.16	1
E.I.D. Parry	Jul '94	40.00	8.39	1
Finolex Cables	Jul '94	100.00	16.60	1
Hindalco (new)	Jul '94	100.00	24.00	1
Ranbaxy	Jul '94	100.00	19.37	1
Telco	Jul '94	100.00	14.00	1
Sanghi Polyester	Aug '94	50.00	9.58	1
S.I. Viscose	Aug '94	45.00	6.37	1
JCT	Aug '94	45.00	16.96	10
Century Textiles	Sep '94	100.00	254.70	1
E.I. Hotels	Oct '94	40.00	13.95	1
GNFC	Oct '94	55.00	12.75	5
India Cement	Oct '94	45.00	8.45	1
Usha Beltron	Oct '94	35.00	10.70	1
J.K. Corp.	Oct '94	55.00	8.00	1
Shriram Ind. Ent	Oct '94	40.00	14.64	3
Bajaj Auto	Oct '94	110.00	26.33	1
Hind Development	Sep '94	76.00	2.05	1
NEPC Micon	Nov '94	48.00	3.18	1
Raymond Woolien	Nov '94	60.00	15.92	2
Larsen & Toubro	Nov '94	150.00	16.70	2
Total for GDRs		3,748.90		

INDIAN BOND ISSUES OVERSEAS

Issuer	Issue date	Issue size (\$ million)
Essar Gujarat	Jul '93	75.00
Reliance Industries	Oct '93	140.00
SCICI	Oct '93	100.00
Jindal Strips	Nov '93	60.50
Gujarat Ambuja	Dec '93	80.00
Sterite Industries	Dec '93	100.00
Tisco	Feb '94	200.00
ICICI	Feb '94	100.00
Nippon Denro Ispat	Mar '94	125.00
Balapur Industries	May '94	35.00
Total for bonds (\$ million)		1,013.50
Total for GDRs and bonds (\$ million)		4,762.40



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IF YOU'RE SO TIRED, WHY DON'T YOU JUST GO ON UP TO BED?

THAT'S WHAT I'M RESTING UP TO DO

by Dave Coverly

12-29

SPORTS

The Perils of Pelé

LONDON — So Pelé is to be Special Minister for Sport in demotion: their Pelé has always been the king of soccer, and from the throne of royalty to the seat of politics could be a step up only if he were given the power to confront the corruption in his game. Now is the time, while the politicians court his popularity, Fernando Henrique Cardoso, Brazil's incoming president, has referred to the 54-year-old Pelé as "a symbol of Brazil that has come up from the roots... that has triumphed." Another government official went further, describing him as "a symbol of new optimism, of a new era in our development."

So much symbolism. But Pelé, born into poverty and christened Edson Arantes do Nascimento, has had that ever since the 1958 World Cup in Sweden propelled the boy from Bauri toward stardom. He was 17, an exceptional all-around player, goalscorer and budding diplomat. He grew to handle himself with grace during a 20-year competitive career in which he accumulated 1,521 goals, fame and wealth.

Pelé's education was literally worldly. Symbolism knew no bounds: There were audiences with two Popes, 10 kings, five emperors, 70 presidents and at least 40 other heads of state. It was said that a two-day truce was declared in Nigeria at the time of the Biafra war so that both sides could watch him play. The Shah of Iran, it was written, spent three hours at an airport waiting to speak with Pelé. And Chinese frontier guards reportedly left their posts to greet him on Hong Kong territory.

Throughout it all he has been a marvelous handshaker, an enthusiast, a front man who could sell any product at any level of society. If Pelé had to work at this, if relentless approachability ever taxed him, he hid it well. I have been in his company on either side of his divorce, either side of his roller-coaster ride from millionaire to relative poverty and back to millionaire. Seldom has he allowed weariness to show, never have I known him unwilling to sign an autograph or fail to stroke a baby's cheek.

A born politician, you might think. I wonder. Pelé is a simple man, although far from being a simpleton. He knows his worth, knows his path, though he follows instinct in life as he did on the field. Soccer is the core of it. Pelé will discuss it anywhere, anytime. He exudes, in many ways, the joy that we sometimes despair of sustaining itself in rising generations. And up to now, Pelé has never seemed a sporting has-been, even 25 years after his prime. If he seeks serious political achievement, however, that enormous goodwill is at risk.

Never before has Pelé shown administrative acumen, and possibly his advisers can guide him through that. But every politician has foes. And while Pelé, to my knowledge, has had a public run-in with only one man, that man happens to be Ricardo Teixeira, who presides over the CBF, Brazil's soccer federation. More than that, Teixeira is the son-in-law of João Havelange, the Brazilian president of FIFA who single-handedly barred Pelé from the World Cup draw in Las Vegas a year ago.

It was an horrendous example of Havelange's vindictiveness, and an early warning that the aging president intends to maneuver his son-in-law into becoming his successor in charge of the world game.

Pelé, then as now, was the catalyst between soccer and the American people; Havelange the autocrat blankly refused to speak Pelé's name, or to discuss with his FIFA executive his reason for banning from the ceremony the greatest player the game has known.

We knew the reason. Pelé had accused Teixeira of corruption, of accepting a million-dollar bribe to favor one television contract over another, and Teixeira was suing Pelé in the Brazilian courts. So Havelange, having installed Teixeira on FIFA committees, shut out Pelé.

I do not see Pelé as a vengeful person, but I am reminded of the fate of the last Brazilian playing idol elevated to government. Zico, in many eyes the pretender to Pelé's playing mantle, became Sports Minister at the age of 36 in 1990. He did not last.

He brought to the post casual sportswear but a dedicated intent to clean up soccer's chaos and corruption in Brazil. And was brought down by Ricardo Teixeira.

ZICO BELIEVED it was fundamental to push through congress a bill changing the voting procedure that perpetuates Teixeira's unpopular rule. Zico had progressive ideals, but he did not have political acumen, and before he could present his bill he was out, conveniently on his way to Japan to retreat into playing again for a brief, financially rewarding spell.

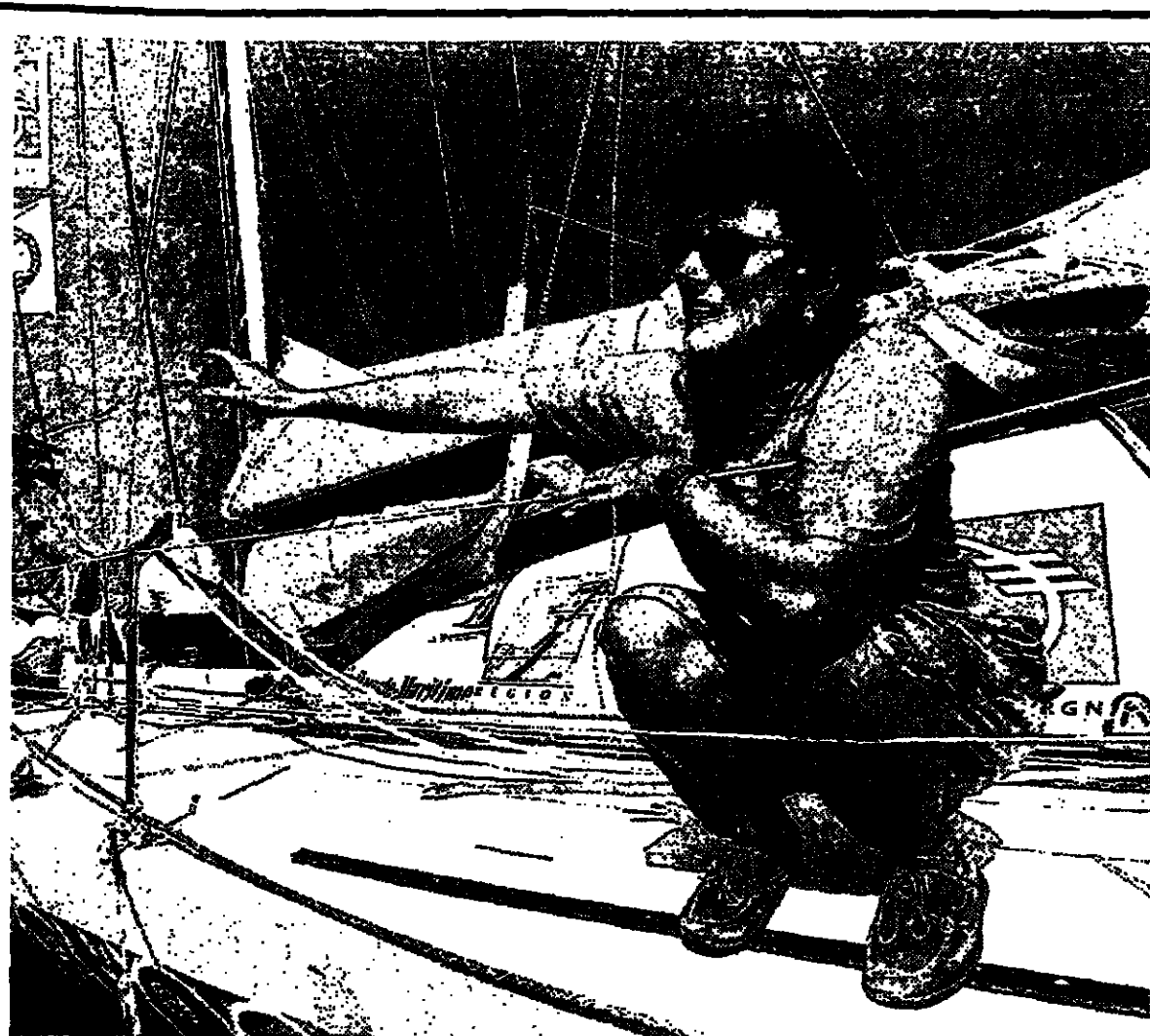
Pelé will not have that option. Should the politics of his new position prove as much a cul-de-sac as it did for Zico, he will have to build again on a glory that time thus far refuses to fade.

Further, he enters politics on a somewhat lower level than envisaged in 1989, when he said he would create a new left-wing party that would make him Brazil's president in the year 1994. That was a pipe dream; how serious a politician, and how much a figure head, Pelé will be now remains to be seen.

He has friends and admirers in high places. One, Nelson Mandela, has shown how much politics is the art of the possible. But South Africa is still awaiting the chance to host a soccer match between itself and the world champion Brazil. Pelé might be able to arrange that, cementing the message of congratulation he sent to the former president, Frederik W. de Klerk, when apartheid was declared dead.

But politics at home is the crux. If Pelé wants to influence events there, he will have to go down the route taken by Zico, tackling the fortress of influence that allows Teixeira to perpetuate his CBF reign by appeasing 27 regional soccer overlords. Having decided not to be the soccer president's man last year, Pelé is the new national president's man. The question is: For how long?

Rob Hughes is on the staff of The Times.



Isabelle Autissier, aboard her yacht, the Ecoreuil Poitou Charentes II, shortly before the start of the race.

BOC Sailor Autissier Sends SOS, Search Being Mounted

SYDNEY — The French yachtswoman Isabelle Autissier, sailing toward Australia on the second leg of the BOC 'Round the World Solo Challenge, had sent two emergency distress signals and rescue operations were being mounted, race organizers said Wednesday. Autissier set off two emergency radio beacons at 0645 GMT on Wednesday, a BOC spokeswoman said. The race communications headquarters in Charleston, South Carolina, she added, had not been able to make contact with Autissier. Her yacht, the Ecoreuil Poitou Charentes II, was thought to be about 920 nautical miles south-southeast of the South Australian capital of Adelaide. "It's obvious something terrible has happened as she is a very experienced sailor," said the BOC spokeswoman, Kim McKay. Autissier had said in a radio communication on Tuesday that the weather was extremely harsh and worsening, organizers said in a statement. It added that, according to preliminary information, Autissier was still aboard her boat. Australian rescue officials would be sending a plane to search for her

at first light on Thursday, because no other vessel was in the area, the statement said. Autissier, 38, who is from the French port of La Rochelle, first sailed solo around the world in the last BOC Challenge, in 1990-91. She holds the record for the Flying Cloud yacht race from New York to San Francisco around Cape Horn, gained early in 1994. She had built a record six-day lead in the first leg of this BOC race, which began in Charleston in mid-September and ended in Cape Town. She left Cape Town for Sydney on Nov. 26, but after a week at sea lost her mast during a gale and sailed under jury rigging to a military base on the French Kerguelen Islands in the southern Indian Ocean. There she obtained a temporary mast from a cruising yacht. She had left Kerguelen on Dec. 16 after repairs, race headquarters said. • The New Zealand yacht Tasmania won the 50th annual Sydney-Hobart race, crossing the finish line just minutes ahead of Brindabella, the Australian maxi-yacht. Tasmania, which on Tuesday had hit a whale, missed breaking the race record by about two hours. (Reuters, AFP, AP)

The Money's Big but the Action Isn't in Japanese Horse Racing

Andrew Beyer, the horse racing columnist of The Washington Post, spent the past month traveling in the Far East.

By Andrew Beyer
Washington Post Service
TOKYO — Cold, drizzly December weather doesn't dampen the enthusiasm of Japan's racing fans. More than 84,000 of them showed up at Nakayama Racecourse on the day of the Asahi Hai Sanasai Stakes for 2-year-olds, and they were standing 20-deep at the rail to cheer a son of Sunday Silence as he won the \$1 million event.

Last in a series
Betting on the card, most of it from off-track outlets, totaled an astonishing \$289 million.

Statistically, Japanese racing exceeds the combined total of the United States, Hong Kong, Britain, France and Australia. Japan offers the most purse money, too. But while there usually is a close correlation between purses and the quality of racing, Japan's thoroughbreds never have been in the same class with those of the major racing nations.

In the 1960s and 1970s, the hapless Japanese entrant was invariably the last-place finisher in the Washington, D.C., International. Then the Japan Racing Association, the sport's governing body, made an effort to improve its horses by importing several good foreign stallions. As Japan has become a financial powerhouse, breeders have been able to buy more top-class thoroughbred stock, such as the Kentucky Derby winner Sunday Silence.

The improved quality of their horses was apparent last month when Japanese-bred Marvelous

Crown beat America's turf champion, Paradise Creek, in the Japan Cup, the world's richest horse race.

Still, the quality of racing in Japan is not nearly what it could be, in view of the industry's financial strength. And the reason is that the industry systematically excludes foreigners and other outsiders who could contribute to the sport.

There is no racing body in the world with the all-encompassing powers of the Japan Racing Association: It operates the country's major tracks and off-track betting outlets, oversees the breeding industry and licenses owners, trainers and jockeys. It decides who gets to play the game.

Because Japanese thoroughbreds are inferior to those in Europe and America, foreign horses presumably could come here and win most of the purse money if they were allowed. Therefore, only the Japan Cup and one other race are open to horses that have raced abroad. If a Japanese owner buys a yearling overseas, that horse is eligible for only about half the races in the country.

"The biggest reason for this is to protect the weak or small breeder — just as we protect the rice producer," said Shuji Inada, an executive of the Japan Association for International Horse Racing. Those breeders are an effective pressure group, he said, and the Japan Racing Association, as a semi-governmental organization, listens to their concerns.

But what if a foreign owner wished to play by the local rules? This is common around the world: Japanese owners breed horses in Kentucky, and the Maktoum brothers of Dubai have established stud farms in England, greatly strengthen-

ing that country's breeding industry. But it can't happen in Japan, where the association licenses owners and never has granted a license to a foreigner, even if his presence could benefit the industry. "Sheikh Maktoum is so rich

that horse in the first place.) The association's rationale is that it prefers conservative, low-paying wagers so that fans neither win nor lose too much. The tracks here finally introduced a standard quinella, and bettors relished it, an indication that they want more exotic wagers. Any entrepreneurial track owner would give customers exotics, trifectas and pick sixes, but not the association: The quinella is as exotic as it wants to go.

The tame betting format isn't the only drawback Japanese horseplayers face. The takeout from all wagers here is an onerous 25 percent, compared with roughly 20 percent in the United States and 17.5 percent in Hong Kong.

But playing the horses in Japan has some advantages, too. Handicappers here have access to a vast amount of information. Every workout is timed precisely and reported in the press in great detail. Japanese

the large payoffs they produce, Japan's tracks until recently offered only win and place betting, plus a ridiculous wager called the bracket quinella — a quinella with only eight betting interests.

In races with more than eight horses, the excess is coupled, or "bracketed" as a single betting unit. (If one of the two bracketed horses was scratched, a bettor was stuck with the one that was left, even if he never wanted

that horse in the first place.) The association's rationale is that it prefers conservative, low-paying wagers so that fans neither win nor lose too much.

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tracks weigh all their horses before every race, allowing bettors to ponder the significance in fluctuations of an animal's size.

The many racing newspapers routinely interview trainers and grooms before each race, soliciting information about the animal's physical condition. ("Do trainers really tell the truth?" I asked a journalist. "No, of course not," he said.)

The racetrack facilities here are excellent — "the best in the world," Inada said. Nakayama is big and comfortable enough to handle crowds of more than 100,000, and it operates with typical Japanese efficiency. To speed the lines at the windows, the tracks here have automated cashiers; insert your winning ticket in a slot, and a machine dispenses your yen.

But despite the many virtues and the undeniable success of Japanese racing, it is hard for a visitor to escape the conclusion that the sport here is not nearly as good as it could be.

SIDELINES

Senna Court Hearing Postponed

ROME (AFP) — A court hearing into the cause of the death of three-time Formula One champion Ayrton Senna has been postponed until January, a court official in Bologna, where the hearing will be held, said Wednesday.

The official said investigators had yet to complete their findings. The Brazilian driver was killed when he crashed head-on into a concrete barrier at the San Marino Grand Prix on May 1.

• In Milan, Alessandro Benetton denied reports that his Formula One team would try to sign Nigel Mansell to drive with 1994 champion Michael Schumacher next season. (AP)

Men's Downhill Race Rescheduled

GENEVA (Reuters) — A men's World Cup downhill, scheduled for Crans Montana, Switzerland, on Jan. 6 but called off because of poor snow conditions, will now be raced at the Swiss resort of Wengen on Jan. 20. It will precede the classic Lauberhorn downhill and slalom, on Jan. 21 and 22.

Flachau, Austria, will stage men's and women's super-giant slaloms Jan. 10, taking over races called off in Austria and France.

For the Record

Mexico, host of World Cups in 1970 and 1986, has joined Japan and South Korea in bidding for the 2002 finals. (Reuters)

Sterling Sharpe, the Pro Bowl receiver of the Green Bay Packers, will miss the NFL playoffs because of a career-threatening neck injury, the team said. (AP)

Dennis Erickson, rumored to be leaving the University of Miami to coach the NFL's Seattle Seahawks, said he was not interested in the job. (NYT)

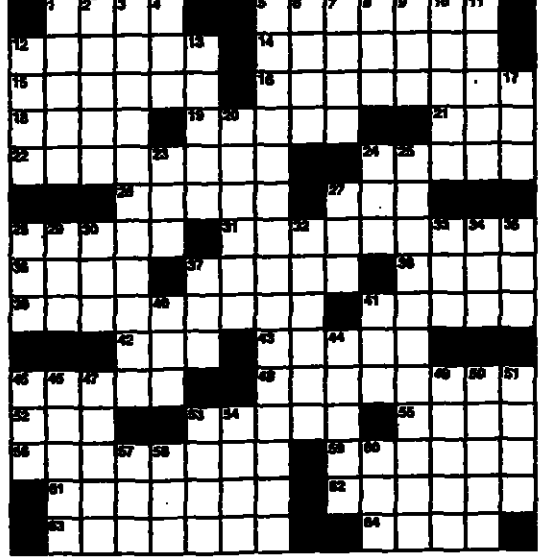
No. 15 Utah beat 14th-ranked Arizona, 16-13, in the Freedom Bowl when quarterback Mike McCoy threw a five-yard touchdown pass to Kevin Dyson with 3:34 left to play. (AP)

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24 — Valley, Calif.
25 Alloy
27 Account receivable
28 Actress Samantha
31 "Mr. — Builds His Dream House" (1948 film)
36 Old World deer
37 She played 50-Down's partner
38 "I read you"
39 Mugshot
41 "Aish —" (Tahitian cry)
42 Dig in
43 Hanga five
45 "Pique Dame," a game
46 Arthur Miller play, with "The"
52 — Tin Tin
53 Palette pigment
55 Pipe hole
56 Move
58 Words to the wise
61 Crackpot
62 Vassals
63 Son of a — (nautical epithet)
64 "Cabaret" star
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Solution to Puzzle of Dec. 28

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EUR SOMNETHS CAW
STEPWAY JAPANESE
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ART BUCHWALD

Last Mail Call for '94

WASHINGTON — I am trying to clear the mail that I didn't get around to answering in 1994. I hope that I can do it.

Dear Sir:
I keep reading about Orange County going bankrupt because it invested in too many derivatives. What is a derivative and do you need a doctor's prescription to get one?

Dear John:
A derivative is neither good medicine nor bad medicine. It actually looks like a poker chip. People use it to bet their school funds, their hospital bonds and their water treatment plants. The speculators put all their chips on red or black — on red that interest rates will go down; on black that they will go up.

Depending on where the little white ball lands, your country can either afford to build a dozen new prisons or it can go belly up and lose everything, including the new football stadium that it had set its heart on.

Orange County bet that the interest rates would go down. Alan Greenspan double-crossed them by raising the rates. If California wants to blame anyone it can blame Greenspan. Orange County is now demanding a special prosecutor to find out why Greenspan cost them all that money.

Dear Mr. B:
My mother says that Bill Clin-

\$150 Million for Prado

MADRID — The Spanish government announced that it was budgeting 20 billion pesetas, or \$150 million, for renovation of the Prado Museum.

ton is president of the United States. My father says that it's Newt Gingrich. My Uncle Harry says that it's Jimmy Carter. Please clarify this for me.

Perplexed in Idaho,
Joanne Libby

Dear Joanne:
All of them are right. Clinton has the title, Gingrich has the power, and Carter refuses to accept the fact that he is no longer in charge of foreign affairs.

The country is fortunate to have three such able people in the same boat rowing toward the shore. The fact is they admire their commander in chief tremendously. Clinton says, "No matter what they say, I am the president."

Newt says, "No matter what they say, I appear on 'Meet the Press' more than Clinton."

And Carter says, "Clinton may be president in the United States but if the Serbs want peace they still have to deal with me."

Dear Sir:
I was reading the local paper the other day and there was no story on O.J. Simpson. Who goes?

Your fan,
Leighton Rudolph

Dear Leighton:
The publishers are still trying to find the culprit. They are investigating whether the omission was accidental or a deliberate attempt by Rupert Murdoch to sabotage the paper's circulation.

We have a saying in the newspaper business. "You can take O.J. out of the paper, but you can't take the paper out of O.J."

Dear Anna:
I read in the Enquirer that Princess Diana was dating Webb Hubbell, the former No. 3 man at the Justice Department. Any truth to it?

Anna Harding Pedersen
Dear Anna:
Absolutely not. The rumor started because Prince Charles is now dating Janet Reno.

Champagne: More to It Than the Bubbles

By Frank J. Prial
New York Times Service

NEW YORK — Americans, we are told, drink Champagne only on holidays and special occasions, while Europeans drink it all year. Perhaps the Europeans are just better at dreaming up special occasions.

There is a fellow in England who never invites a friend into his wine cellar without bringing along a bottle of Krug. I know a chap in France who would not think of visiting his father's grave, which he does often, without taking along a bottle of Pol Roger.

Certainly the custom of opening a bottle of Champagne when guests arrive, expected or otherwise, is far more prevalent in the Old World than it is here. Even at home, Europeans place more importance than Americans do on ceremony and ritual. Or do they just look for excuses to drink Champagne?

It is said that Americans will drink anything that's cold, fizzy and sweet, and a long line of successful drinks — cold duck, Lambrusco, wine coolers and white zinfandel — attests to that. So do the inexpensive sparkling wines that sell well: domestic versions and a host of imports like German sekt and Italy's Asti Spumante.

Champagne, the genuine French product, is another matter. The mark of a good Champagne is its pronounced acidity, and it takes time to get used to that. Some people never do.

In their long years of slavish Francophilia, which included most of the 19th century, the Russian upper classes consumed oceans of Champagne. Many famous houses, Clicquot-Ponsardin among them, made fortunes in the Russian market.

But the Champagne the Russians loved and drank was, by modern standards, almost sickeningly sweet. During the Soviet years, the Russian people continued to consume enormous quantities of "champagne," most of it made in Soviet Georgia and Ukraine, with imports from Hungary and other Soviet satellites. This, too, was heavily sweetened.

In the 1970s, PepsiCo agreed to market Russian champagne in the West in exchange for access to the Soviet Union for its own product. Western consultants who encouraged the Soviet wine makers to cut down on the sweetness said the makers at first couldn't believe that anyone would drink it dry.

Their hearts apparently were not in it; PepsiCo's Russian product — called Nazdorovya, a corruption of the Russian toast "na zdorovye" ("to your health") — staggered on and then all but disappeared from the market in the West.

Most of the major French producers continue to make some sweet Champagne, but the Champagne most of us drink is called brut, which means it contains no more than 1.5 percent sugar. Most brut Champagnes contain even less, about 1 percent.

Extra dry, which is popular in the United States,



can contain up to 2 percent sugar. Sec, which means dry in French, can contain as much as 3.5 percent sugar; demi-sec, up to 5 percent; and doux, which means sweet, contains 5 percent sugar or more.

There are well over 100 Champagne companies and almost as many cooperatives in the Champagne region, 90 miles (145 kilometers) east of Paris. Most of them are proud of their particular style of Champagne. Since most Champagne is nonvintage — a blend from several, or many, vintages — each house can blend and rebalance to achieve and maintain its own style.

Broadly, Champagnes range in style from light to full. Lanson is particularly light styled. Perrier Jouet is light to medium. Moët et Chandon is medium, Krug and Bollinger are full-bodied.

Unfortunately, Americans rarely get a chance to compare styles. They drink it too infrequently to be able to distinguish one from another, and even for the serious amateur, comparative tastings are as rare as they are expensive.

The celebratory nature of Champagne drinking in America is evident. Americans buy and presumably consume more of it in the fourth quarter of the year than in the other three combined, almost 4 million cases this year, according to industry predictions. Most of it is sold between Thanksgiving and New Year's Eve. This is a good time of year to buy. It's a

competitive business and prices are relatively low now.

It's a good time to stock up, but not necessarily for the long haul. Champagne is ready to be drunk when it's sold. Freshness and vivacity are two of its principal assets and they tend to diminish with time.

Well-meaning fathers who put away Champagne for a daughter's wedding 20 years hence are doing themselves and their daughters no favor. A case of red Bordeaux or California cabernet from the bride's birth year will be appreciated more.

It has long been acceptable, even in this sparkling-wine-producing country, to parrot the French line about there being no substitute for genuine French Champagne. It's still true for the best Champagnes, but on a more commercial level in the United States, some California sparkling wines are providing stiff competition for the French product.

If there is any lingering guilt about preferring an import, think about Otto von Bismarck.

There is a story that Kaiser Wilhelm II invited the chancellor to dinner and served him sekt, German sparkling wine. Bismarck took a sip and put down his glass. Apologizing, he said, "I cannot drink German champagne."

The Kaiser remarked that he had served the wine as a patriotic gesture. "Your Majesty," Bismarck is said to have replied, "my patriotism stops at my stomach."

PEOPLE

George Burns Calls Off 99th, Waits for 100th

George Burns has canceled his 99th birthday show at Las Vegas's Caesars Palace on Jan. 20 because he is still recovering from surgery in September to drain fluid from his brain after a fall in his bathtub. "He's O.K. We're not going to play Caesars, but hopefully he's going to do his 100th birthday," Irving Fine, his manager, said. The veteran comedian is well enough to play cards daily at his club, Fine said.

A two-for-one deal is available for spouses at Donald Trump's Mar-a-Lago Club in Palm Beach, Florida, although Prince Charles and Princess Diana are not taking advantage of the offer. Instead, they have signed up for separate memberships at \$50,000 each. Applications also have been received from Steven Spielberg, Arnold Schwarzenegger and Elizabeth Taylor. The club is expected to open in mid-January at the 58-bedroom estate built by the senior heiress Marjorie Meriweather Post in 1926. Trump bought it from the Post estate for \$10 million in 1985.

Jeffrey Archer, best-selling author and former member of Parliament and Conservative Party chairman, and his wife, Mary, were slightly hurt when their car plummeted down a highway embankment northwest of London. Their two sons were unhurt.

A London man bit into a hamburger and found a diamond. The Sun newspaper said. Oskar Keyser, 31, also found a gold earring stud in the hamburger at a McDonald's. Keyser said he gave the manager the gold stud and was given a free hamburger. He kept the diamond and took it to a jeweler, who valued it at £1,000 (\$1,500).

WEATHER

Forecast for Friday through Sunday, as provided by Accu-Weather.

Europe	Today	High	Low	Tomorrow	High	Low
Algeria	17/22	15/25	10/14	18/24	12/26	8/18
Amsterdam	9/18	9/27	5/11	9/13	9/27	5/11
Antwerp	9/13	9/22	5/11	9/13	9/27	5/11
Athens	14/27	9/18	1/5	15/29	11/23	5/11
Berlin	18/24	12/23	17/22	12/23	12/23	12/23
Brussels	9/13	9/22	5/11	9/13	9/27	5/11
Budapest	14/27	9/18	1/5	15/29	11/23	5/11
Copenhagen	9/13	9/22	5/11	9/13	9/27	5/11
Dublin	14/27	9/18	1/5	15/29	11/23	5/11
Edinburgh	9/13	9/22	5/11	9/13	9/27	5/11
Frankfurt	9/13	9/22	5/11	9/13	9/27	5/11
Geneva	9/13	9/22	5/11	9/13	9/27	5/11
Helsinki	9/13	9/22	5/11	9/13	9/27	5/11
London	9/13	9/22	5/11	9/13	9/27	5/11
Madrid	14/27	9/18	1/5	15/29	11/23	5/11
Moscow	9/13	9/22	5/11	9/13	9/27	5/11
Munich	9/13	9/22	5/11	9/13	9/27	5/11
Nice	14/27	9/18	1/5	15/29	11/23	5/11
Oslo	9/13	9/22	5/11	9/13	9/27	5/11
Paris	9/13	9/22	5/11	9/13	9/27	5/11
Rome	14/27	9/18	1/5	15/29	11/23	5/11
Stockholm	9/13	9/22	5/11	9/13	9/27	5/11
Toronto	9/13	9/22	5/11	9/13	9/27	5/11
Warsaw	9/13	9/22	5/11	9/13	9/27	5/11
Zurich	9/13	9/22	5/11	9/13	9/27	5/11

North America	Today	High	Low	Tomorrow	High	Low
New York	9/13	9/22	5/11	9/13	9/27	5/11
Los Angeles	14/27	9/18	1/5	15/29	11/23	5/11
Chicago	9/13	9/22	5/11	9/13	9/27	5/11
San Francisco	9/13	9/22	5/11	9/13	9/27	5/11
Seattle	9/13	9/22	5/11	9/13	9/27	5/11
Portland	9/13	9/22	5/11	9/13	9/27	5/11
Denver	9/13	9/22	5/11	9/13	9/27	5/11
Phoenix	14/27	9/18	1/5	15/29	11/23	5/11
San Diego	14/27	9/18	1/5	15/29	11/23	5/11
Las Vegas	14/27	9/18	1/5	15/29	11/23	5/11
Houston	9/13	9/22	5/11	9/13	9/27	5/11
Miami	14/27	9/18	1/5	15/29	11/23	5/11
Fort Lauderdale	14/27	9/18	1/5	15/29	11/23	5/11
Orlando	14/27	9/18	1/5	15/29	11/23	5/11
Washington	9/13	9/22	5/11	9/13	9/27	5/11

Asia	Today	High	Low	Tomorrow	High	Low
Bangkok	27/32	27/32	27/32	27/32	27/32	27/32
Hong Kong	27/32	27/32	27/32	27/32	27/32	27/32
Manila	27/32	27/32	27/32	27/32	27/32	27/32
New Delhi	27/32	27/32	27/32	27/32	27/32	27/32
Seoul	27/32	27/32	27/32	27/32	27/32	27/32
Singapore	27/32	27/32	27/32	27/32	27/32	27/32
Taipei	27/32	27/32	27/32	27/32	27/32	27/32
Tokyo	27/32	27/32	27/32	27/32	27/32	27/32

Africa	Today	High	Low	Tomorrow	High	Low
Algeria	17/22	15/25	10/14	18/24	12/26	8/18
Amsterdam	9/18	9/27	5/11	9/13	9/27	5/11
Antwerp	9/13	9/22	5/11	9/13	9/27	5/11
Athens	14/27	9/18	1/5	15/29	11/23	5/11
Berlin	18/24	12/23	17/22	12/23	12/23	12/23
Brussels	9/13	9/22	5/11	9/13	9/27	5/11
Budapest	14/27	9/18	1/5	15/29	11/23	5/11
Copenhagen	9/13	9/22	5/11	9/13	9/27	5/11
Dublin	14/27	9/18	1/5	15/29	11/23	5/11
Edinburgh	9/13	9/22	5/11	9/13	9/27	5/11
Frankfurt	9/13	9/22	5/11	9/13	9/27	5/11
Geneva	9/13	9/22	5/11	9/13	9/27	5/11
Helsinki	9/13	9/22	5/11	9/13	9/27	5/11
London	9/13	9/22	5/11	9/13	9/27	5/11
Madrid	14/27	9/18	1/5	15/29	11/23	5/11
Moscow	9/13	9/22	5/11	9/13	9/27	5/11
Munich	9/13	9/22	5/11	9/13	9/27	5/11
Nice	14/27	9/18	1/5	15/29	11/23	5/11
Oslo	9/13	9/22	5/11	9/13	9/27	5/11
Paris	9/13	9/22	5/11	9/13	9/27	5/11
Rome	14/27	9/18	1/5	15/29	11/23	5/11
Stockholm	9/13	9/22	5/11	9/13	9/27	5/11
Toronto	9/13	9/22	5/11	9/13	9/27	5/11
Warsaw	9/13	9/22	5/11	9/13	9/27	5/11
Zurich	9/13	9/22	5/11	9/13	9/27	5/11

WEEKEND SKI REPORT

Resort	Depth	Min.	Max.	Res.	Snow	Last	Comments
Alpe d'Huez	10	30	Fair	Open	Var 27/12	27/12	16 pistes skiable
Les Arcs	10	30	Fair	Open	Var 27/12	27/12	16 pistes skiable
Avoriaz	20	30	Fair	Open	Var 27/12	27/12	28-34 pistes open, pistes very busy
Chamonix	0	10	Fair	Open	Var 27/12	27/12	many runs rocky
Courchevel	15	70	Warm	Open	Var 27/12	27/12	27-28 pistes open, good above 2000m
Les Deux Alpes	20	150	Fair	Open	Var 27/12	27/12	36 pistes open, good above 2000m
Megeve	0	10	Fair	Open	Var 27/12	27/12	slung at nearby Les Contamines
Maribel	5	30	Fair	Open	Var 27/12	27/12	36 pistes open, resort runs poor
La Plagne	20	150	Fair	Open	Var 27/12	27/12	36 pistes open, good above 2000m
Serre Chevalier	5	25	Fair	Open	Var 27/12	27/12	very busy sking, 8-12 lifts open
Tignes	45	115	Good	Open	Var 27/12	27/12	most lifts open, good piste sking
Val d'Isère	30	110	Good	Open	Var 27/12	27/12	36 pistes open, good piste sking
Val Thorens	50	120	Good	Open	Var 27/12	27/12	36 pistes open, good piste sking
Switzerland	10	25	Fair	Open	Var 27/12	27/12	16 pistes skiable
Alpe d'Huez	10	30	Fair	Open	Var 27/12	27/12	16 pistes skiable
Les Arcs	10	30	Fair	Open	Var 27/12	27/12	16 pistes skiable
Avoriaz	20	30	Fair	Open	Var 27/12	27/12	28-34 pistes open, pistes very busy
Chamonix	0	10	Fair	Open	Var 27/12	27/12	many runs rocky
Courchevel	15	70	Warm	Open	Var 27/12	27/12	27-28 pistes open, good above 2000m
Les Deux Alpes	20	150	Fair	Open	Var 27/12	27/12	36 pistes open, good above 2000m
Megeve	0	10	Fair	Open	Var 27/12	27/12	slung at nearby Les Contamines
Maribel	5	30	Fair	Open	Var 27/12	27/12	36 pistes open, resort runs poor
La Plagne	20	150	Fair	Open	Var 27/12	27/12	36 pistes open, good above 2000m
Serre Chevalier	5	25	Fair	Open	Var 27/12	27/12	very busy sking, 8-12 lifts open
Tignes	45	115	Good	Open	Var 27/12	27/12	most lifts open, good piste sking
Val d'Isère	30	110	Good	Open	Var 27/12	27/12	36 pistes open, good piste sking
Val Thorens	50	120	Good	Open	Var 27/12	27/12	36 pistes open, good piste sking
U.S.A.	75	80	Fair	Open	Var 27/12	27/12	16 pistes skiable
Aspen	75	80	Fair	Open	Var 27/12	27/12	16 pistes skiable
Brackenhurst	60	80	Fair	Open	Var 27/12	27/12	16 pistes skiable
Manitou	210	240	Good	Open	Var 27/12	27/12	16 pistes skiable
Steamboat	80	110	Good	Open	Var 27/12	27/12	16 pistes skiable
Telluride	80	85	Good	Open	Var 27/12	27/12	16 pistes skiable
Vail	80	75	Fair	Open	Var 27/12	27/12	16 pistes skiable

